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Felipe González, who will take office as Spain's Prime Minister in December.

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SEPTEMBER-OCTOBER, 1982 **No. 124**

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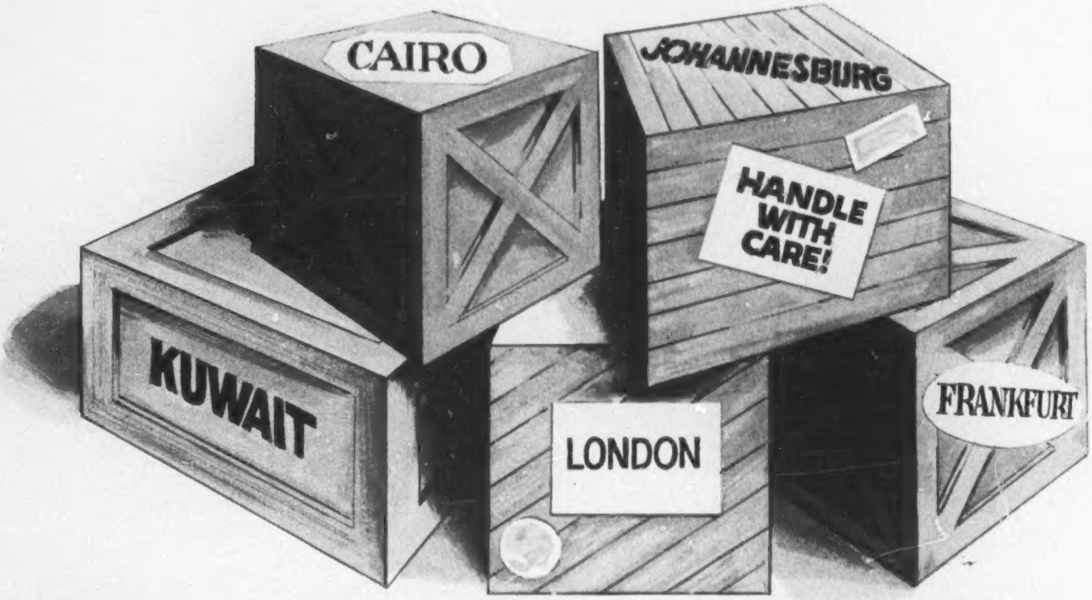

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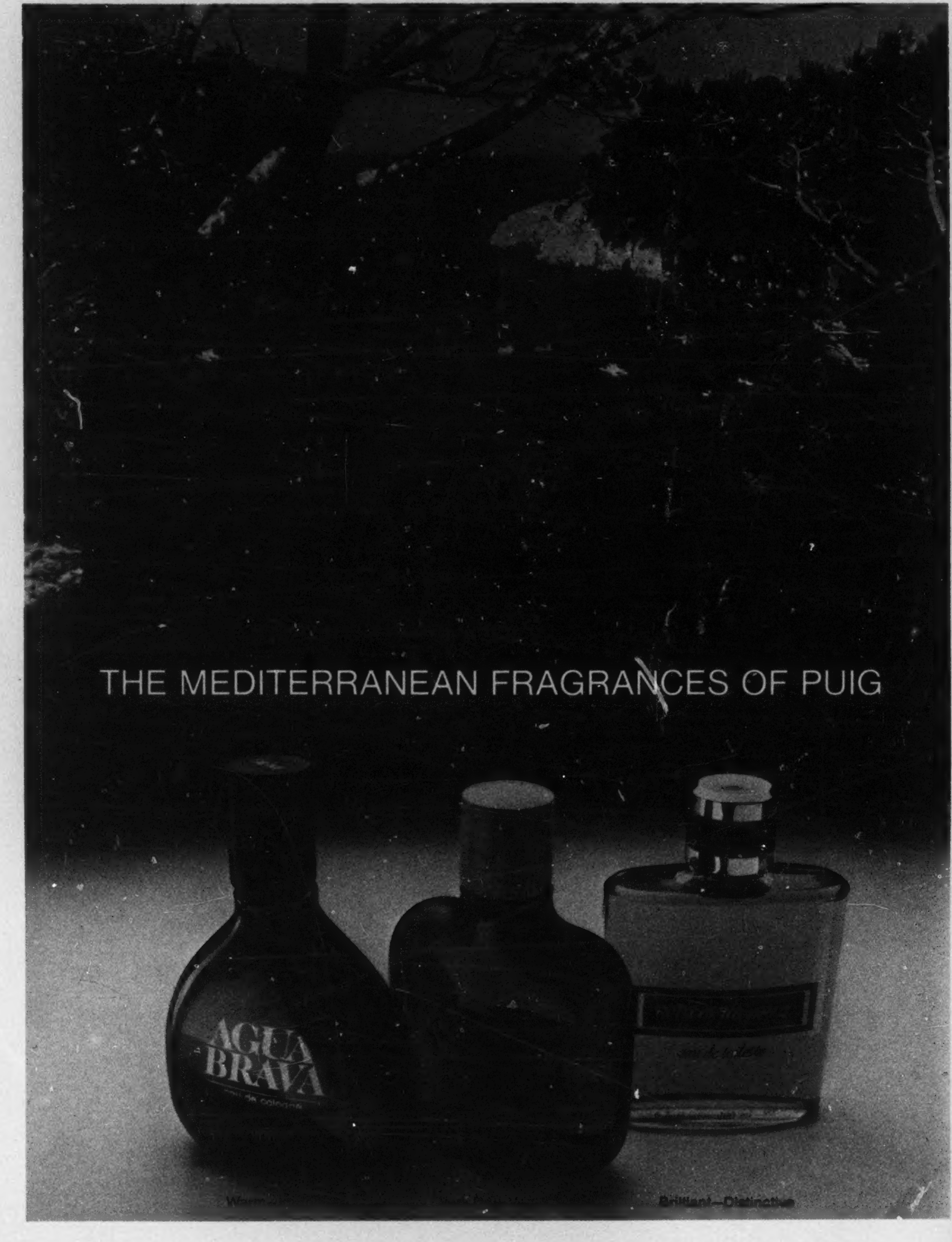
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Felipe González to be Spain's Prime Minister

Felipe González Márquez will be the new Prime Minister of Spain following the sweeping victory of the Partido Socialista Obrero Español (PSOE), the Spanish Socialist Workers Party, in the October 28th elections. The Socialists received 46% of the vote, followed by the conservative Popular Alliance, headed by Manuel Fraga Iribarne, which received 25.3%. The Union of the Democratic Center, headed by Prime Minister Calvo Sotelo, fell far behind.

The new apportionment of seats in the Cortes, the Spanish congress, will be: Socialists 201; Popular Alliance 106; Union of the Democratic Center 12; Catalan Nationalists 12; Basque nationalists 8; Communists 5; and others 6.

Mr. Gonzalez, at the age of 40, will be the youngest prime minister in Europe when he takes office in early December.

General Motors Chairman to Address Chamber

Roger B. Smith, Chairman and Chief Executive Officer of the General Motors Corporation, will be the Chamber's guest of honor at a luncheon on Tuesday, December 7th at the Plaza Hotel. His address is titled, "General Motors España — A New Automotive Era Begins."

Mr. Smith has recently returned from attending the inauguration of the new GM plant in Zaragoza. As a prominent American who has been in Spain at this crucial time and had access to all spectra of Spanish political and economic opinion, he will have some highly interesting comments

Tourist Office Schedules $1.5 Million Ad Campaign

"Where Life Comes to Life" is the lead-in headline of the Spanish National Tourist Office's 1982 Fall advertising campaign, which kicked off on October 10th across the United States.

Backed by a $1.5 million budget, the ambitious campaign is the first step in strengthening Spain's image as an all-season destination—an image that is stronger than ever because of the continued favorable exchange rate enjoyed by American tourists.

Scheduled to run through mid-December, the campaign will concentrate on blitzing the American consumer in high-visibility national magazines and in the Sunday travel sections of newspapers in major population centers across the United States.

"We feel it is important to reinforce in the American public's mind the idea that Spain has as much, if not more—at least in terms of cultural activities—to offer them in the usually soft winter season," says Francisco Giron, newly appointed director of the Spanish National Tourist Office in New York. "Opera, theater, ballet and concerts are in season, and prices are not. By running the campaign in the Fall we hope to create an impetus that will advance and lengthen the traditional American travel season to Spain."

Parade, Concerts Celebrate Week of Spain in New York

The traditional "Desfile de la Hispanidad," the parade up Fifth Avenue on Sunday, October 10th, was the climax of a week of events constituting the "Week of Spain in New York," proclaimed by Mayor Koch and celebrating the discovery and exploration of the Americas by Spain.

Another highlight of the week's festivities was a series of concerts by the Agrupación Artistica de "Valverde del Camino," the world-famous choral and dance group from Huelva. On October 12th the group performed the "Misa Rociera" and "Fiat America," a musical poem based on the discovery of America, in St. Patrick's Cathedral. "Misa Rociera" is a folk mass on flamenco themes which takes its name and spirit from an annual tribute to the Virgin held in the small Huelva village of Rocio, which is attended by almost a million pilgrims each year.

The group, which performs works on Andalusian folkloric themes, including zarzuelas and flamenco song and dance, also performed at the Felt Forum, the Casa de España, and in Spanish clubs in Queens and Newark, and also appeared in the October 10th parade (photo above).

The visit to the United States of the group from Valverde del Camino was sponsored by the Spanish Institute of Emigration of the Ministry of Labor and Social Security.

Farewell Luncheon Honors José Lladó and Frederick Tetzeli

In a luncheon at the Casa y Círculo Cultural de España on September 14th, the Chamber said farewell to Ambassador José Lladó, who is returning to Spain, and also honored former Chamber President Frederick E. Tetzeli. On these pages we are publishing the remarks of newly elected President Ricardo Jove, who expressed the Chamber's gratitude and high regard for the two guests of honor.

On behalf of the King of Spain, Ambassador Lladó decorates Mr. Tetzeli with Spain's "Encomienda del Mérito Civil," in recognition of his contributions to Spain-U.S. trade and friendship.

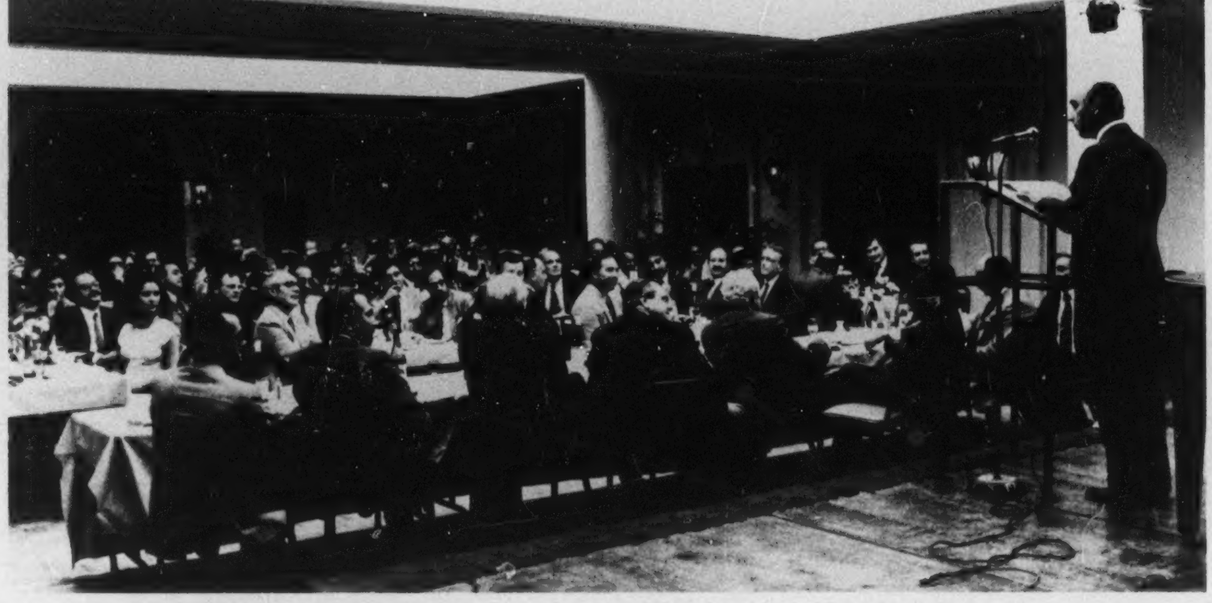
This is the first time I have had the opportunity to address you as your president, and it is my privilege that this should be a luncheon honoring two men who have contributed to much to the Chamber and to the relations between Spain and the United States—Ambassador José Lladó, who is about to return to Spain, and my distinguished predecessor, Frederick E. Tetzeli.

I hope Ambassador Lladó will pardon me, and that I am not forcing protocol, if I say a few words about Fred Tetzeli first. All of you know Fred. I must confess to you that it is somewhat intimidating in my position to follow a man of such impressive talent. While preparing my notes for this talk, I asked for a reference list of Fred's accomplishments, but I am not going to recite them to you because it is too long. The list said that Fred is fluent in about half a dozen languages. I am just passing this information to you without my endorsement, because I will never be able to test it by myself—I have enough trouble trying to master English.

Seriously, in his capacity as Vice President of Morgan Guaranty in charge of the bank's institutional business in Europe, Fred maintains important relations with Spanish banks and government institutions. He was instrumental in bringing the Instituto Oficial de Credito into the Euromarket for the first time, and has many other accomplishments to his credit. If I am talking here about Fred's professional activities and successes, it is only because during his tenure as president he has used them to establish important contacts for our Chamber in Spain and has greatly added to the prestige and influence that the Chamber enjoys there today.

But to the Chamber, Fred Tetzeli has been far more than just the man from Morgan. He has put his heart and soul into the Chamber's business, not only as president but in various capacities dating back ten years or so. Fred has been a board member, twice chairman of the Speakers and Public Relations Committee, as well as president for the past two years. He has been responsible for bringing to our luncheons as speakers some of the top poltical, financial and cultural figures of Spain. He has guided the Chamber with a sure hand, and we are all greatly obliged to him for his leadership.

Fred, in token of our esteem and affection, I would like to present to you now a modest gift, which I hope will be a memento which will bring you many pleasant memories in the future—not, of course, that we don't expect to be seeing you regularly for many years to come. I, for one, expect to consult with you as often as you have the time on projects and prospects of the Chamber.



Above, Ambassador José Lladó expresses optimism and confidence in the future of Spain, as well as high praise for Mr. Tetzeli, in his farewell remarks.

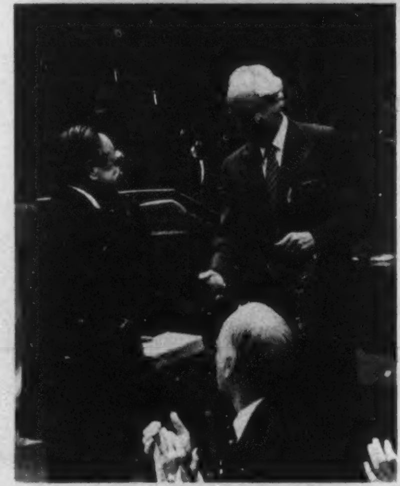
A Sympathetic Ear in Washington

One reason the Chamber has done so well is that for the past four years we have been exceptionally fortunate in having a sympathetic ear in Washington—a man who understands fully the importance of commerce and finance in relations between nations. Ambassador Lladó is himself a former Minister of Commerce, and it was our extreme good fortune that a man of his calibre was appointed to represent Spain in Washington. The Ambassador deserves a special commendation from this Chamber. Since our welcoming luncheon in March 1979 he has never missed a major Chamber occasion. But his presence among us has never been a simple question of duty or protocol. Rather, Ambassador Lladó has turned his presence into supportive action and has made us feel that what our Chamber does to further the economic relations between our two countries is important and that our statements and our actions are heard where it counts. And for this we are very grateful.

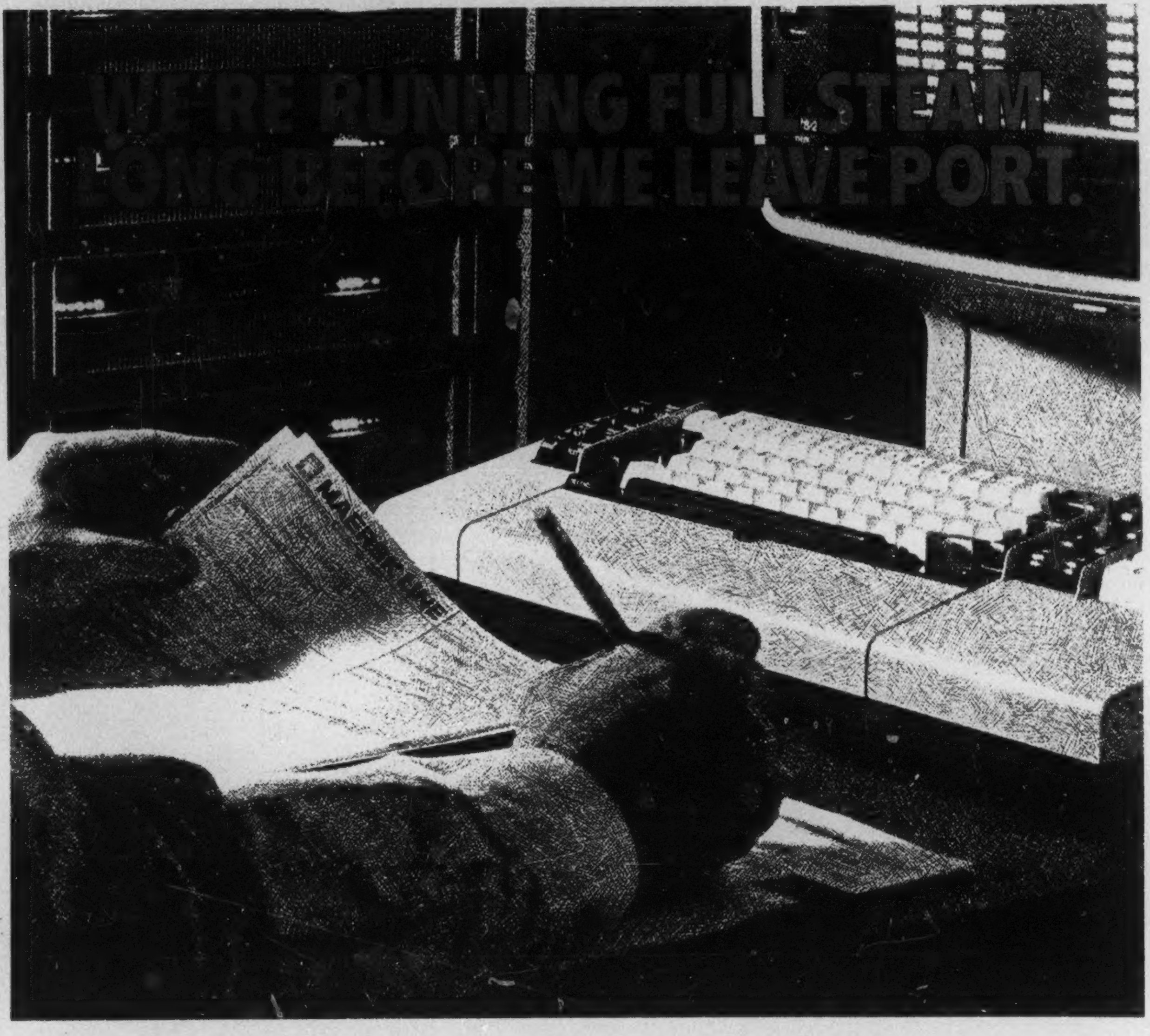
The post of Ambassador to Washington is perhaps the most important in Spain's diplomatic service, and Ambassador Lladó has filled it with distinction. We have no doubt that he will be equally successful in his next assignment, and in bidding him farewell we ask him to carry the message of the work that the Chamber is doing and is striving to do. . .of the concern that we all share to improve and expand trade relations between Spain and the United States; and to tell everyone there that this Chamber is ready to assist and guide those who are willing to make the effort—because trade is a two-way street and we cannot do it from here alone.

Mr. Ambassador, on behalf of the officers, directors and members of our Chamber, I would like to present to you this small token of our friendship and gratitude.

Above, Chamber President Ricardo Jove, Ambassador Lladó, and Máximo Cajal, Consul General of Spain in New York.



At left, Mr. Jove presents a gift from the Chamber to his predecessor, Mr. Tetzeli.



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By FRANCIS REISMAN
The Spanish Leather Pavilion Ltd.

An Uphill Task for the Spanish Fashion Leatherwear Export Business

---

Enlarging on the recent comments of Alex Gropper on the state of Spanish leather fashions, Mr. Reisman offers some further suggestions for the revival of the "Made in Spain" label.

I read Mr. Gropper's article ["What Happened to Spain's Leather Garment Business?" by Alex Gropper, May-June issue] with great interest and I endorse it almost entirely. I submit the following comments in my capacity as a member of the Chamber for more than ten years and as a businessman importing Spanish leatherwear into the U.S. over this period of time, servicing small, fine boutiques and specialty stores.

To respond to, and hopefully illuminate, each of the points made by Mr. Gropper, it is necessary to examine the dynamics of international trade in this narrow but significant area of commerce, with the aim of trying to close the gap between the Spanish manufacturer-exporter and the American importer.

The Fading of the "Made in Spain" Label

The fact is that in today's complex world, with the growing sophistication in international trade, when any exporting industry blindly stays within the limits of its own domestic resources, it can rapidly lose its position in the international fashion market. On the promotion side, unfortunately, the label "Made in Spain" is fading. This is an important symptom of a commercial disease which cannot be overlooked. In part, it appears to be caused by a misplaced *laissez-faire* attitude of some governmental and quasi-governmental entities, who are almost never in direct touch with the key men in the American market, and who are not alert to the "pulse" of this market. There is no feed-back to precipitate and channel fast and proper action. Sorry to say, we American importers on this end, and the Spanish manufacturer-exporters and related promotional organizations on the other end, do not maximize the *allure* and *image* of "Made in Spain" leather fashion garments. It is a job which requires utmost cooperation on a continuous basis. Presently, in the course of doing business with Spain, for instance, it is almost impossible to obtain excellent, artistic photos of new models. Contrary to past practices, a program of dollar-matching in a cross-Atlantic promotional partnership should be instituted and vigorously maintained.

Even in these recessionary times—if not particularly in these times—fashion creativity remains the prime mover of sales. And todays "knockout" best seller design, exquisite color, style, etc., can all be tomorrow's *passé* fashion. Only a few Spanish manufacturer-exporters take into account the cycle of the American market. Rarely do we have the new models in time for the American market. The great English playwright, Bernard Shaw, wrote in *Man and Superman:* "The reasonable man adapts himself to the world. The unreasonable one persists in trying to adapt the world to himself." There is a lesson to be learned in that thought.

Customer Acceptance

A century ago craftsmen were in close touch with their customers. Today, with the loss of an "eye-to-eye" relationship, manufacturers have been forced to conduct research programs to determine the changing directions of customers' tastes, preferences and needs. The notion of "customer acceptance" is a stark current reality. We must adjust ourselves to this day-to-day reality. The small manufacturer-exporter cannot afford a trial-and-error marketing approach and practice. The risks, with today's high raw material prices and high cost of labor and overhead costs, are too great. Today, once a clue to the trends is discovered from market tests, *you must maximize the situation, the opportunity.* Let me give a few examples:

1) About five years ago, as a result of coordinated action by leading French designers and leading fashion houses, plus vigorous support from the New York trade media (WWD), the length of a coat was mandated to be a minimum of 47" as against a 42" coat then produced by Spanish manufacturers. We immediately alerted our Spanish counterparts to adapt to this new trend. We wired, wrote, telephoned, telexed, etc. We did all that was humanly possible to get the message across. But Spanish manufacturers still persisted with the 42" length coat. The epilogue was that a great number of Spanish manufacturers lost substantial amounts of money. Many were forced out of business for lack of financial resources. In short it was a disaster. And nowhere on the horizon was there a Spanish fashion

authority to alert his people on new trends and to avoid such a disaster. I also lost substantial amounts; and close, friendly relationships evaporated from one day to another. Reluctantly, we were compelled to reject shipments and to return merchandise. We wrote in black and white on our orders, **"47 inch length required minimum"**; it was disregarded.

2) Season after season on the American market we have changing color trends. Last year we wired, telephoned, telexed—asking for khaki colors. Finally, after much resistance, khaki colors arrived, but it was too late; the market was already over-saturated with khaki, and I had to liquidate the merchandise below cost. As I am writing this article, we are asking for red colors, the present *numero uno* color in demand. We will be happy to have red color garments by the middle of October. Compare this with the American domestic leather industry, which will be turning out red colored garments within a week. Fast action, following a fast reaction, is imperative in today's competitive world. And while we are on the question of speed, why use airmail from Barcelona to New York or vice versa, taking at least ten days for any exchange of communications?

> "If Spain opts for the Japanese market, our best wishes! There is no shortage of sources of supply. Morocco is emerging as a very serious resource."

Today, France, Italy and West Germany are in the forefront of the leather and double-face fashion scene. A reorientation of the Spanish leatherwear trade is an urgent task. Above all, more professionalism, *por favor!* In our dealings with our Spanish counterparts, I hear, "We do business with Japan!" It is a fascination for Japan. Almost every Spanish manufacturer has already made two and three trips to Tokyo, all subsidized. What about New York? Sorry, I do not have at hand comparative statistics covering leather garment exports by Spain to Japan as opposed to exports to the U.S. But let me say frankly that if Spain opts for the Japanese market, *our best wishes!* There is no shortage of sources of supply. Only a few steps from Spain, Morocco is emerging as a very serious resource, and they enjoy Parisian cooperation, with chic and attractive products and, frankly, better prices!

The Financial Side

There remain to be said a few words regarding the financial side of the business. No realistic American importer will open an irrevocable letter of credit or other form of guaranteed payment, mainly because there is *no* shortage in merchandise. Any French or German manufacturer, of course, after a credit investigation of the account, will gladly ship on open terms, and they sleep well and prosper. Their exports are insured against any credit risks, as is done in England. In our business, there has never been any problem with payments when due, the only exception being when shipped garments were not according to order and accepted standards. If coats are shipped with 42" lengths instead of 47" as ordered, of course we will reject and return the goods (an expense which amounts to be 20% of the invoiced price), and, of course, we will not pay for the goods.

I disagree with Mr. Gropper's suggestion to by-pass the importer. No small retail operation can afford the headaches related to handling imports directly. On the surface, it seems simple, but when it comes to the day-to-day practice, it is energy- as well as time-consuming and inefficient.

I think, finally, that Mr. Gropper succeeded in striking a spark or two and generating a little heat. The proof is that he, at least, elicited the response found in this article. ☐

Iberia Handles 94.1% of Air Merchandise Traffic in Spain

Iberia Airlines carried 94.1% of the merchandise air interior traffic in Spain during the past year, and 57.6% of the international merchandise traffic through Spanish airports. Iberia's share of the total merchandise traffic entering or leaving Spain by air was 80.9%, vs. 76.3% during the previous year.

The volume of merchandise traffic carried by Iberia, however, declined during the period by 2.4%, for a total of 190 million kilograms. 109 million were interior traffic, down 6.8% from the previous period; 36 million European (- 1.4%) and 34 million trans-Atlantic (+11.6%).

Wall St. Journal Supplement 'Spain-83' on December 17th

The Wall Street Journal will publish a supplement, "Spain-83" on Friday, December 17th. The estimated readership of the supplement will be 3 million, including the Journal's International Air Edition. For information and rates contact Amador Marin, Espronceda 32, Edificio EFE, Madrid 3. The advertising deadline is December 1st.

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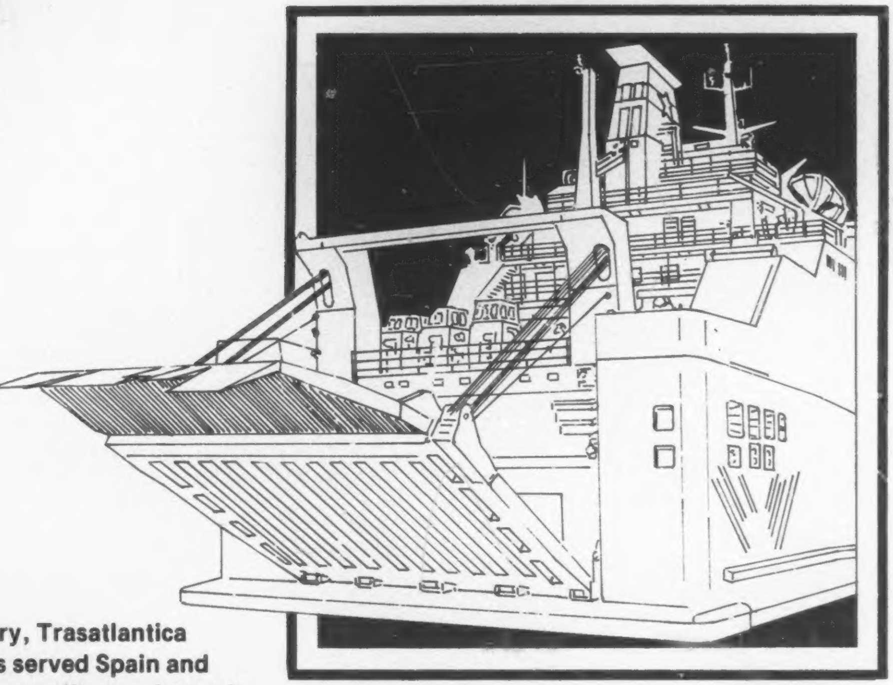

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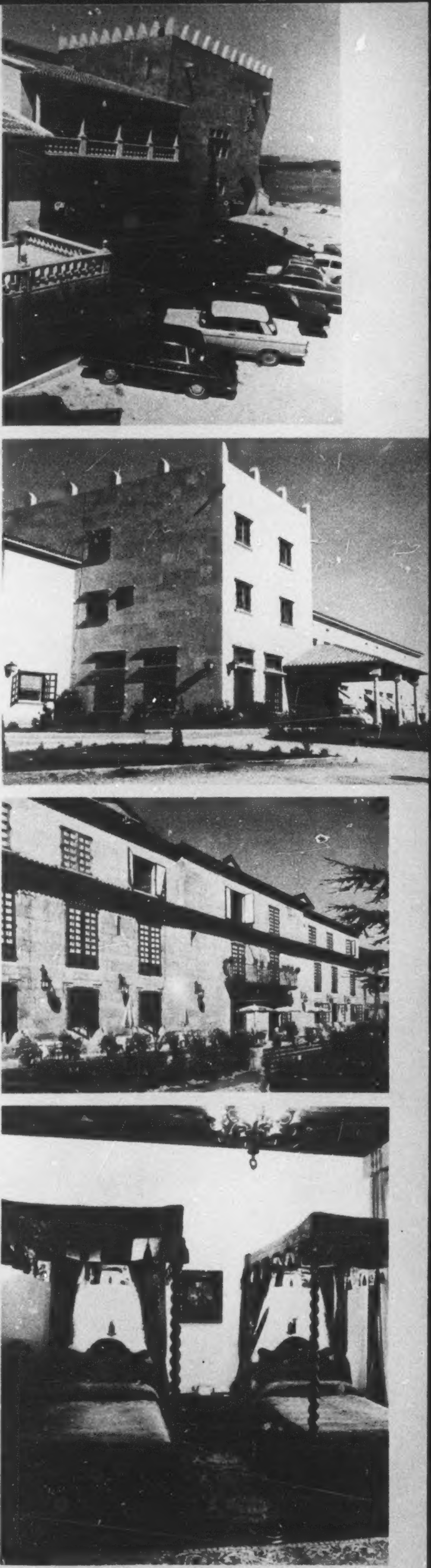


At right (top to bottom) are the Paradores "Conde de Gondomar," "Monterrey," and Casa del Baron," as well as an antique- and art-filled room in the "Conde de Gondomar."

The Paradores of Galicia

One of those remarkable spots you thought had disappeared, Galicia has sea-touched charm, noble cities, fine cathedrals, castles, and manor houses, lush countryside—and exceptional paradores.

By ANTONIO R. ALONSO
Antonio Alonso & Associates

PICTURE a seaswept coast, far from the beaten track, in a land dotted with ancient towns and majestic cathedrals, where customs reflect the pageantry of the past. You are in Galicia.

Here, in Spain's northwest corner, the coastline follows promontories, estuaries, coves and rocky cliffs. Camellias and orange trees, palms and gardenias give an unexpected lushness. Lime trees frame the sea, and their fruit flavors Galicia's plentiful oyster harvest.

To its sea-touched charms, add noble cities of fine cathedrals, castles and manor houses; prehistoric paintings and artifacts dating back to 2000 B.C.; bustling seaports; and an extraordinary variety of seafood. You'll find it is one of those remarkable spots you thought had disappeared.

Galicia is a place to meander, and today meandering can be done with the certainty of reserved rooms in the many exceptional paradores which crisscross the region.

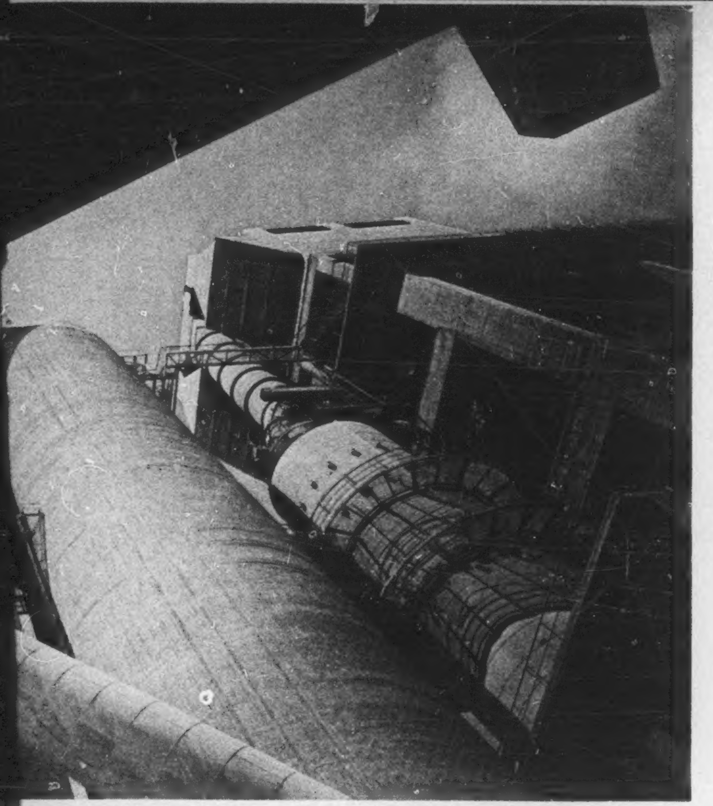
Entering Galicia from the southeast, the *Parador Monterrey*, in the hills above a river valley, is an impressive beginning to a tour. A massive building with a crenellated tower, the Monterrey's interior resembles a baronial hunting lodge: wooden beamed ceilings and study leather furniture, carved grillwork and chandeliers.

Hearty meat dishes and soups are the specialty, as we are not yet near the sea. There is a swimming pool, garden, bar, and central heating. Nearby Orense is the city to visit, with its dramatic cathedral and cloisters, and its priceless collection of jewels.

Traveling toward the ocean, the next stop might be Bayona, where the *Parador Conde de Gondomar's* grounds occupy a 45 acre peninsula of gardens and pine, orange and lemon trees. A castle wall over two miles long rings the grounds, and its broad top provides a perfect walkway from which to survey the lighthouse, Roman road and Hapsburg gate. The grounds of the Parador also contain a private chapel, a swimming pool and a tennis court; a yacht basin and golf course are nearby.

Zigzagging northward along the coast to Pontevedra, the traveler finds the *Parador Casa del Baron* as baronial as the name implies. Its neoclassical facade, magnificent stairway, and charming Galician kitchen make this parador a tourist attraction in itself. Seafood is the culinary specialty. Besides visiting Pontevedra, at the mouth of the estuary, where narrow streets open to noble houses and splendid churches, there are nearby beaches with sailing and other water sports.

Throughout Galicia the network of paradores gives a surprising view of the region's illustrious past and present. Other fine paradores are at Tuy, Cambados, Puerto Marin, Villalba, El Ferrol and Ribadeo. All the paradores can be booked through the U.S. representative, Marketing Ahead, Inc., 515 Madison Avenue, New York, N.Y. 10022; telephone (212) 759-5170. ☐



The Alba cement factory in Jerez de la Frontera.

MEMBER PROFILE

Dragados y Construcciones, S.A.

Spain's fourth largest firm, Dragados has built the equivalent of five cities with a total population of 1,250,000—complete with schools, hospitals, office buildings, and all the other services they would need. Now it is becoming known throughout the world as a problem solver.

Hospital in Hospitalet (Barcelona).

SPAIN is a country with two personalities. One preserves and respects the traditions, customs, and humanistic qualities of the past. The other Spanish personality constantly seeks the technology, efficiency, and management expertise of the twenty-first century—ways to make things better for the economy, the people, and the nation.

Nowhere is there a better illustration of the successful fusion of these two attitudes than in the remarkable growth of Dragados y Construcciones, S.A. (DYC), and especially in the company's Buildings Division. Dragados is a company which has managed to preserve the best of the past in its business practices, while at the same time being one of the most dynamic and progress-oriented organizations in Spain today.

Founded in 1941 as a civil works contractor, Dragados now employs some 24,000 people and is listed by *Fortune* as Spain's fourth largest firm.

But size is not the Dragados story—people are!

It is this concern for people—both those who work for the company and those whom the company serves as its clients—that seems to be at the base of the extraordinary success this unique firm has enjoyed.

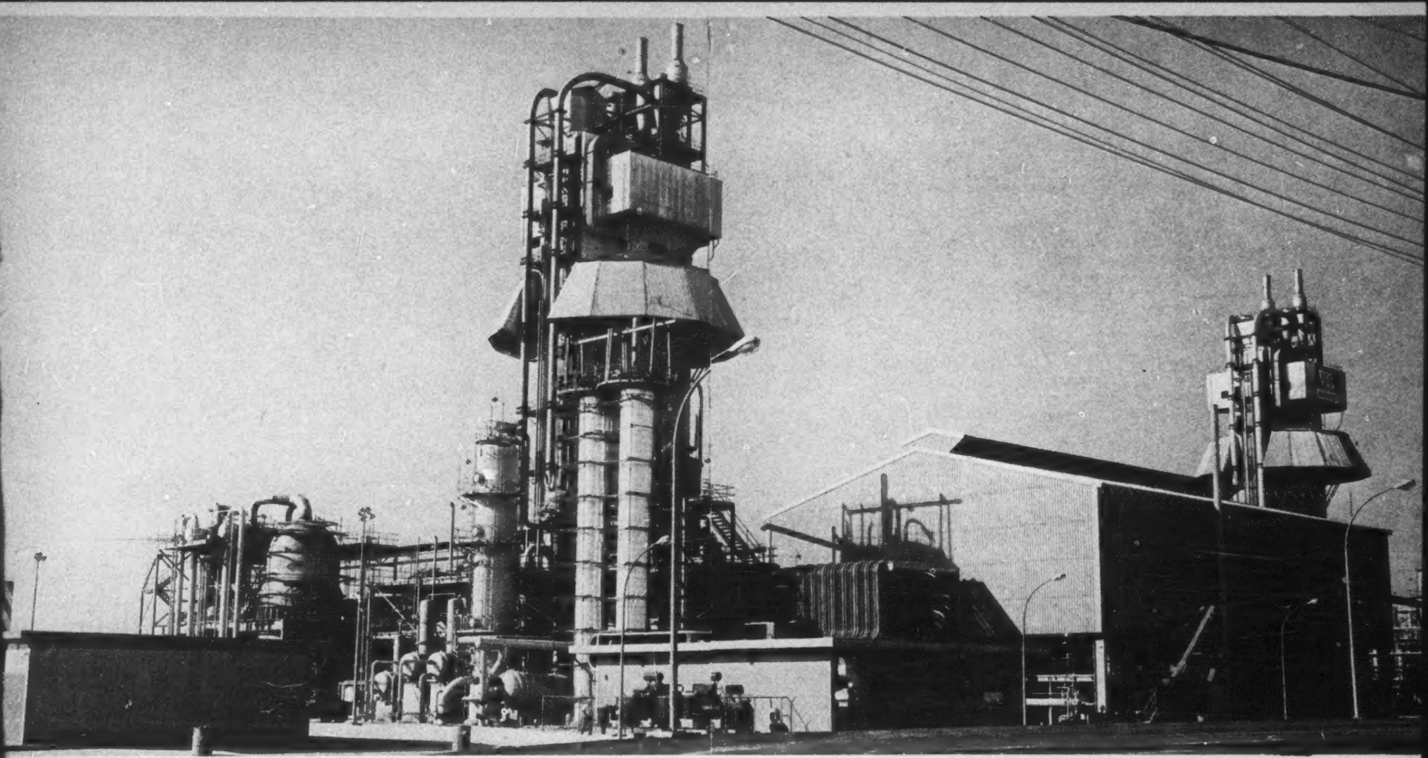
Each year Dragados puts-in-place $1 billion worth of construction, not only in Spain but in twelve other countries around the world. What few people realize is that nearly half of this total dollar-volume of work is accomplished by the firm's Buildings Division, which is less than 15 years old.

Under the leadership of Manuel Gómez del Río, Director of Buildings, this division illustrates how Dragados' respect for people and the blending of both traditional and contemporary philosophies can be turned into a successful formula for the operation of a business in today's highly competitive world.

The extraordinary success of the Buildings Division can best be understood by citing two simple sets of statistics. First, if all the buildings ever constructed by Dragados in Spain and throughout the world were built in a single location, they would amount to five cities housing 250,000 residents each, complete with all the services those people would need — hospitals, office buildings, schools, etc.

And second: In one year—1981—alone, the collective accomplishments of the Buildings Division comprised enough buildings to house a city of 40,000 people, complete with all necessary services.

DRAGADOS has 16 regional offices throughout Spain. Until 1945, all building construction work, though performed by a separate group of people, was an integral part of the firm's total civil construction workload. Building construction executives still answered directly to local and regional "delegados," or vice presidents, who were oriented toward civil work.



Tablazo fertilizer factory in Venezuela.

In 1970 the Dragados Board decided to segregate their building construction capabilities from their civil works talents to create a totally separate corporate entity, the Buildings Division.

Dragados was then already well on its way to becoming known world-wide for its feats of civil engineering construction work on dams, highways, marine installations, etc. Manuel Gómez was charged, in 1978, with making Dragados' building construction equally successful.

Mr. Gómez speaks with the candor that marks DYC's progressive yet sensitive attitudes. "There are admittedly many, many qualified contractors who can build buildings throughout Spain and in all the other countries in which we operate," he says. "What makes Dragados different is that we recognize each client as different, each building type as different. Each building owner has problems unique to his particular circumstances. We try to truly understand those problems. We talk directly to them, help the building owners solve the problems before they cost them critical time and money.

"Building construction is far more than bricks and mortar. It is understanding and solving the logistical, financial, scheduling, budgeting, manpower, engineering and design problems the owner faces, and helping him to find solutions—if you want to maintain long-term client relationships."

Problem-solving is one area in which Dragados has a definite advantage. Its experienced staff of construction professionals represents a tremendously broad range of expertise in areas ranging from the intricacies of hospital planning and equipment to experts in cost analysis, soils engineering, and sub-contract negotiations.

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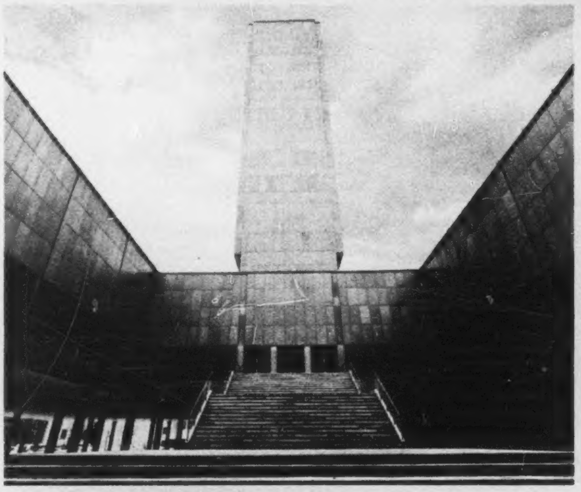
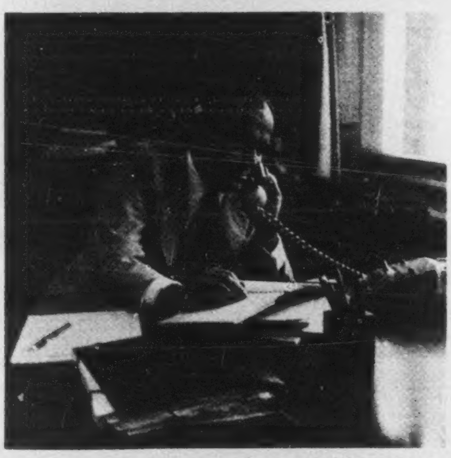


Above, the Museum of Contemporary Art in Madrid.



Manuel Gómez del Río, Director of Dragados' Buildings Division.

MEMBER PROFILE: DRAGADOS Y CONSTRUCCIONES, S.A.

"One of the things we work very hard at impressing on potential clients," says Mr. Gómez, "is that all of these expert services are available to *all* clients regardless of the size of their project. We can be equally as competitive in building a small office building as an enormous industrial complex."

An important aspect of Dragados' success is in the local presence of its 16 regional offices in Spain and 12 other international installations. All preliminary discussions with potential clients, estimating, problem-solving, negotiations, project management/supervision, and sub-contractor relations are under the jurisdiction of the local DYC executive in charge. Local personnel know and understand intimately the conditions of their respective regions.

Dragados' total resources are at the command of every local office to assure each client the best technical personnel and solutions, the fiscal stability, the most advanced construction methods and equipment, and the financial assurances necessary to make each project a reality.

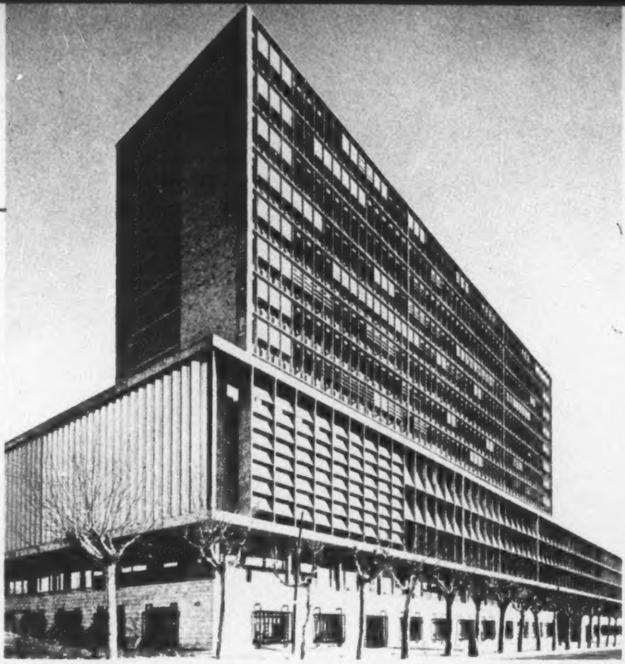
Technologically, the firm places great emphasis on keeping up-to-date with the latest construction methods and materials developed around the world. Responsible managers cull, review and analyze this information to determine what new organizational, technical or material advances would be applicable to Spain or to the local conditions in other countries served by DYC.

This information is supplied to DYC management from Dragados representatives in the United States and throughout the industrialized nations of western Europe.

A typical example of Dragados' willingness to try new approaches has been the company's recent emphasis on utilizing American marketing techniques, adapted with sensitivity and patience to the cultural attitudes of Spain. Several years ago the firm retained an American consultant specializing in construction marketing, and together they began the process of sensitizing DYC's personnel to the need for being alert to new business opportunities. "We realized," says José Luis Hernández Magdalena, Director of New Business Development for the Buildings Division, "that we could not just simply apply highly sophisticated and aggressive American marketing principles and practices instantly in Spain, or the 'culture shock' could have a completely negative boomerang approach.

"Obviously, Dragados had been very successful at marketing for many years to have built a company of this size. Our objective was to formalize, organize, and more effectively manage our marketing functions in terms of specific corporate growth goals.

"Equally important, we wanted to make both our key administrative *and* field managers sensitive to the fact that they must be alert to new business opportunities, to assure both their personal and our own corporate growth in the years ahead. The program has been working very, very well—as evidenced by the growth of the Buildings Division."


The Faculty of Geological Sciences building in Madrid.

To market the firm's capabilities effectively is one thing, but DYC management also realizes that a key part of its growth is based on repeat business predicated on the company's ability to produce a very high quality of construction end product—on time, within budget, and with a high degree of professionalism in its construction services.

THESE constant operating objectives reflect themselves in other Dragados divisions as well: An industrial plants division which has worked for a wide variety of industries from automotive to chemicals; Caracola, an industrialized housing systems division capable of delivering thousands of low-cost single-family homes on short notice to underdeveloped countries of the world, or wherever else they may be needed; and an energy division devoted solely to exploring new ways in which solar energy can be beneficially incorporated in building construction during the years ahead.

"No one really knows what forms, shapes, or radical technologies will become the standards in building construction ten years from now," says Manuel Gómez. "But there is one constant that will never change: In the 22nd century there will always be someone standing in a field with the dream of a building, and struggling with the cost, engineering, financing and design problems that must be overcome to make that building a reality.

"The successful construction companies will always be the ones capable of helping that person solve those problems. Dragados intends to be one of them. The focus on the client with a dream must never be lost." ☐

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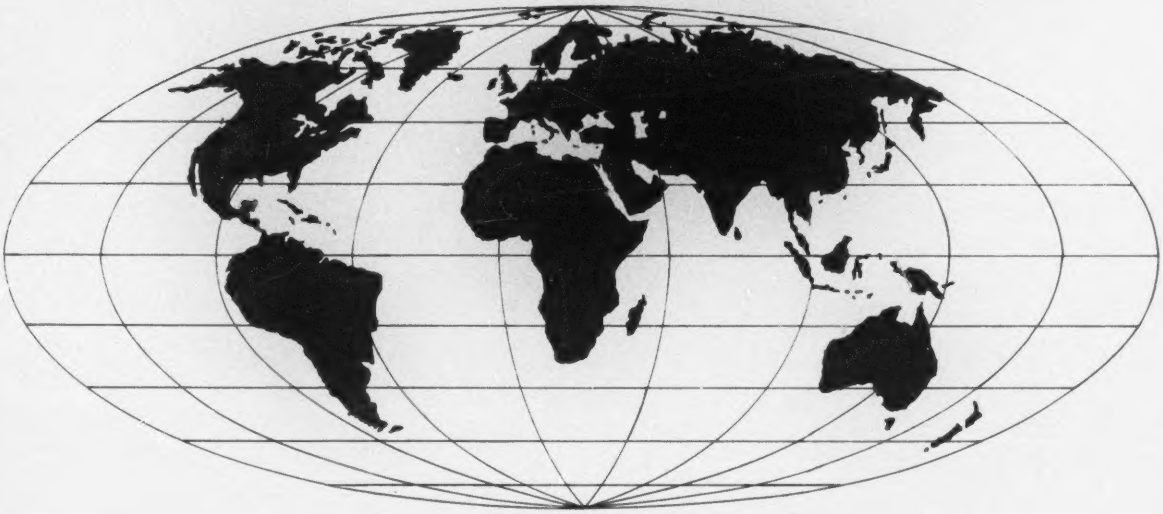

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Member Profile:

Vicente García-Delgado

of Windels, Marx, Davies & Ives

With the growth of multinational business and industry, a new breed of attorney has emerged who is bilingual or multilingual and who understands both Roman law and Common law systems. One of these is Chamber member Vicente García-Delgado.

A NATIVE of Barcelona and a graduate of the Barcelona University Law School, Vicente García-Delgado Segués was the first Spanish lawyer to be admitted to the New York Bar. His dual legal background and familiarity with both the Roman law and Common law systems makes him particularly well qualified to assist foreign clients in bridging the cultural and legal gaps between their country of origin and the United States, or to assist domestic clients with interests in Europe and Latin America. He has been associated since 1978 with the law firm of Windels, Marx, Davies & Ives in New York.

Vicente García-Delgado was born in 1950 in Barcelona. On completion of his secondary education at the Palma de Mallorca Jesuit school, in 1967 he was granted an American Field Service scholarship for one year of study and experience in California. In 1968 he returned to Barcelona and attended the Barcelona University Law School, receiving his law degree in June 1973. In September 1973 he became a Fellow of New York University School of Law's Institute of Comparative Law, where he followed the Master in Comparative Jurisprudence program as a Fulbright Scholar, and thereafter completed a period of practical training with a New York City law firm. He returned to practice law in Barcelona at the law firm of Ramón Viladas Abogados, with whom he had been associated as a law student since 1971 and as a junior partner since 1973. There he concentrated on issues of foreign investment in Spain, as well as on commercial and corporate matters.

In 1977 Mr. García-Delgado petitioned the New York Court of Appeals for admission to the New York Bar examination without further law study. The petition was granted, he successfully passed the Bar examination in March 1977, and in November became the first Spanish lawyer to be admitted as a member of the New York Bar.

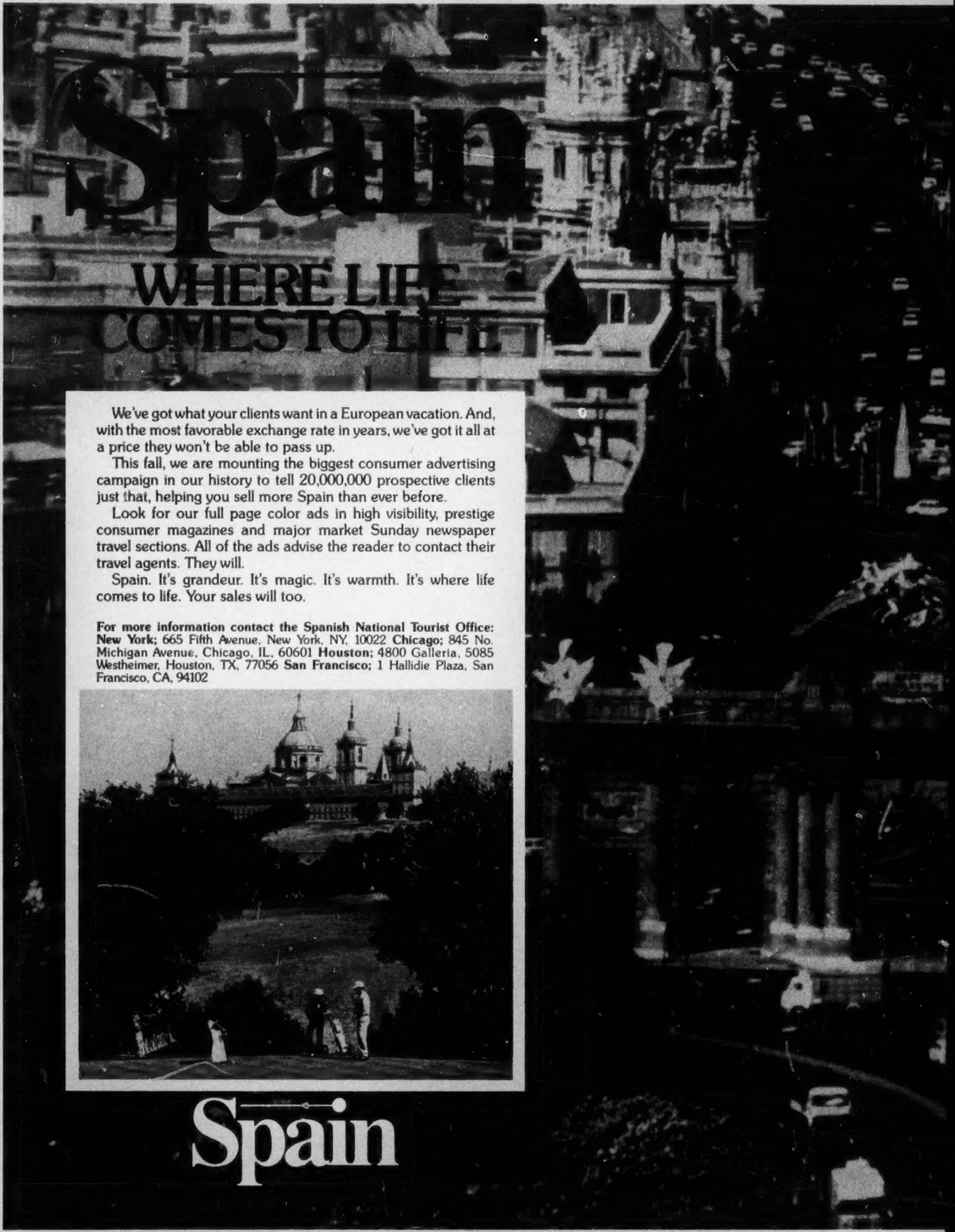
At Windels, Marx, Davies & Ives, Vicente García-Delgado is involved in matters of domestic, foreign and comparative law. While most of his work involves issues of United States corporate and commercial law for both domestic and foreign clients (mainly Spanish corporations and individuals), he is often called upon by other New York City law firms to act as Special Counsel in connection with matters of Spanish law. In December 1981, Mr. García-Delgado was qualified before the Federal Courts at Norfolk, Virginia, to act as an expert witness in connection with proof of Spanish law. He is a member of the American Bar Association and the International Law Association (Spanish Chapter), and a non-practicing member of the Barcelona Bar Association.

WINDELS, Marx, Davies & Ives serves as counsel to a variety of clients, including major domestic and foreign industrial, commercial, retail, mining and manufacturing concerns, banks and trust companies, airlines, aircraft manufacturers, trade associations, publishing houses, importers, securities firms, and religious and other non-profit organizations, as well as individuals. While the firm's practice is weighted towards corporate matters, it handles a significant volume of diversified litigation, trust and estate, securities regulation, real estate, labor and tax matters.

The firm was formed in 1978 as successor by merger to Windels & Marx and Davies, Hardy, Ives and Lawther. It represents vigorous new growth as well as direct antecedents dating to 1830. At present it consists of about sixty lawyers, with a full supporting staff including six paralegals.

As the firm's substantial international clientele continues to increase, it has incorporated foreign attorneys who are conversant with both the Roman law and the Common law systems. Several lawyers who service the firm's international clients are fluent in foreign languages, including French, Spanish and German. A substantial portion of the firm's international practice centers on business activities of foreign companies in the United States, mainly European, and the firm also represents some ten foreign commercial banks.

The main offices of Windels, Marx, Davies & Ives are in the Rockefeller Center complex in midtown Manhattan. A new Washington office was established in 1981. □



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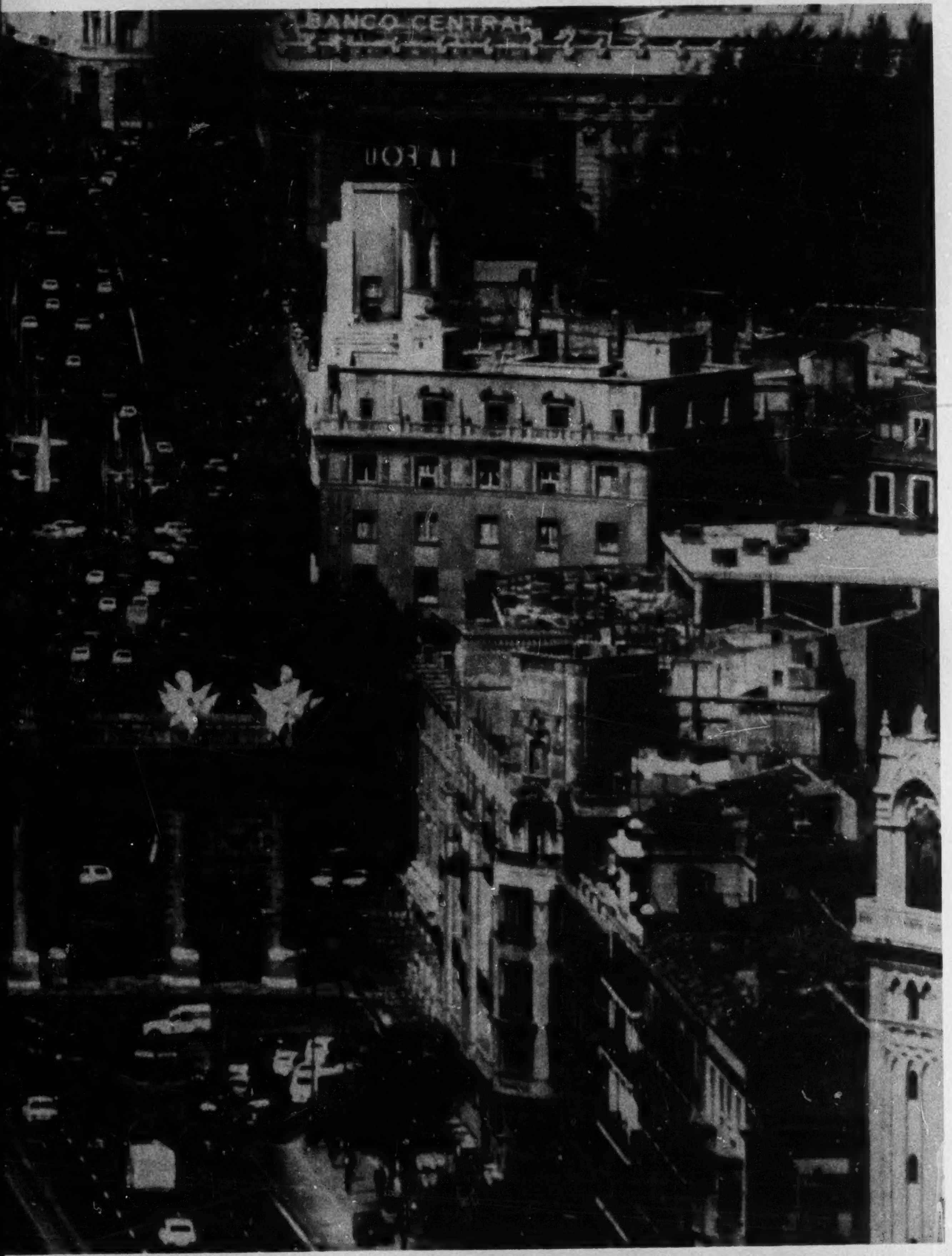
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Prepared by J. & A. GARRIGUES, New York Office

CURRENT LEGISLATION IN SPAIN

A SUMMARY OF LEGISLATION PUBLISHED BETWEEN JULY 6th AND SEPTEMBER 3rd, 1982

(Note: "OSG"=Official State Gazette)

GENERAL

1. Office of the Head of State. Law 25/82 of July 20, 1982, regulating agriculture on mountainsides (OSG July 10, 1982).

The object of this law is the establishment of a special system for the mountain agricultural zones to improve their social and economic development. These zones are those located on a level above 1,000 meters or those on a slope over 20°.

The law provides not only the arrangement and promotion of the resources, but also assistance and benefits in general for the owners of agrarian farms in order to compensate the negative outputs caused by adverse natural factors. It especially considers the concession of indemnities and possibility that the State Administration, as well as the Autonomous and Local Administrations, may grant the above-mentioned beneficiaries the tax exemptions, discounts or reductions provided for under the law, in a most favorable manner.

2. Office of the Head of State. Law 44/82 of July 7, 1982, establishing the Army budget for investments and maintenance (OSG July 21, 1982).

3. Ministry of Justice. Royal Decree 2046/82 of July 30, 1982, approving a new General Statute of Procurators (OSG August 8, 1982).

In Spain, as in most Civil Law countries (with the current exception of France), a party appearing in a legal process is generally represented by a Procurator or Solicitor. The role of the Procurator is limited to such representation in accordance with the powers of attorney given to him, or in certain cases with those given by law. The role of the Attorney is to plead the case on behalf of his client. This Royal Decree regulates the requirements to become a Procurator and specifies disciplinary matters and the scope of his activities.

4. Office of the Head of State. Royal Decree 2057/82 of August 27, 1982, dissolving the Cortes Generales and fixing a date for a general election (OSG August 30, 1982).

Elections will be held on October 28, 1982. The number of seats in each Chamber will be determined according to provisions Nos. 3 and 4 of Article 19 of Royal Decree Law 20/77 of March 18, 1977 and in Art. 19.3 of the Constitution.

5. Presidency of the Government. Royal Decree 2076/82 of August 27, 1982, containing complementary provisions regarding the elections for the Congress of Deputies and for the Senate (OSG August 31, 1982).

This rule provides several organizational aspects regarding the elections, by determining the applicable legislation regulating the electoral campaign and activities during the campaign over radio and television. October 28 has been declared a holiday for Courts, schools and universities. The voting time used by workers (four hours according to the applicable law) will be compensated by their employers.

6. Ministry of Justice. Royal Decree 2090/82 of July 24, 1982 approving a new General Statute of Attorneys (OSG September 2, 1982).

7. Presidency of the Government. Royal Decree 1764/82 of July 30, 1982, modifying the composition and scope of the National Commission for the Celebration of the Fifth Centennial of the Discovery of America (OSG July 31, 1982).

ADMINISTRATIVE

1. Autonomous Communities: Catalonia; Law of June 2, 1982, approving the Budget of the Generalitat and its Agencies (OSG July 6, 1982).

2. Office of the Head of State. Organic Law 5/82 of July 1, 1982, approving the Statute of Autonomy for the Community of Valencia (OSG July 6, 1982).

3. Office of the Head of State. Orgaic Law 6/82 of July 7, 1982 authorizing the creation of the Autonomous Community of Marid (OSG July 21, 1982).

4. Ministry of Transportation, Tourism and Communications. Royal Decree 1794/82 of July 9, 1982, establishing a new zip code system (OSG August 3, 1982).

In order to classify correspondence, a Postal Code consisting of five digits will be established, to be affixed to the left of the destination place in the envelopes or covers. The Ministry of Transportation, Tourism and Communications is authorized to issue the necessary orders and set the effective date.

5. Ministry of Finance. Order of July 15, 1982, implementing Royal Decree of May 14, 1982 and establishing the date of issuance of new coins (OSG August 5, 1982).

The initial circulation dates of the new coins will be as follows:

25-peseta coins, from July 15, 1982.
5-, 50- and 100-peseta coins from September 15, 1982.
1-peseta and 1-peseta coins from November 15, 1982.
10-peseta coins from January 1, 1983.

6. Ministry of Health and Consumption. Order of July 15, 1982, regarding packing of materials for pharmaceutical products for human con-

sumption, excluding advertising of products (OSG August 5, 1982).

By this Order the previous laws are unified and information is established which must be shown on the packing, the label, and the leaflets of the above-mentioned pharmaceutical specialties.

7. Ministry of Finance. Order of July 29, 1982, classifying the insurance lines (OSG August 10, 1982).

8. Ministry of Interior. Order of August 6, 1982, implementing articles 4 and 13 of Royal Decree 3129/77 of September 23, 1977 regarding the issuance of ordinary passports (OSG August 11, 1982).

In order to submit registration and control of passports to the new techniques of computer management, it is established that on the first page of the passport, besides showing the present information, it will also show the number of the national identification card for the holder of the passport or for both spouses, in the case of a family passport.

9. Office of the Head of State. Organic Law 8/82 of August 10, 1982, approving the Statute of Autonomy for Aragón (OSG August 16, 1982).

10. Office of the Head of State. Organic Law 9/82 of August 10, 1982, approving the Statute of Autonomy for Castilla-La Mancha (OSG August 16, 1982).

11. Office of the Head of State. Organic Law 10/82 of August 10, 1982, approving the Statute of Autonomy for the Canary Islands (OSG August 16, 1982).

12. Office of the Head of State. Organic Law 13/82 of August 10, 1982, approving the Statute of Autonomy (Regimen Foral) of Navarra (OSG August 16, 1982).

With these Organic Laws the new autonomous map of Spain is further complemented. At present the following Statutes of Autonomy have been enacted: Cataluña, Valencia, Basque Country, Aragón, Asturias, Castilla-La Mancha, Andalucía, Canarias, Galicia, Navarra, Extremadura, Murcia, La Rioja, Cantabria.

13. Presidency of the Government. Royal Decree 2058/82, of August 12, 1982, approving general regulations on labeling, presentation and advertisement on packaged food products (OSG August 30, 1982).

In order to serve the information needs of the consumer, to get a better understanding of the domestic market of food products, and to become progressively closer to the regulations of the European Community, Decree 336/75 of March 7, 1975 has been substantially derogated. Only that part related to the mandatory information on labeling and signs has been preserved. This information will be required after 18 months have elapsed from the effective date of this Decree.

INTERNATIONAL

1. Office of the Head of State. Instrument of Adhesion of Spain to the General Agreement on Privilages and Immunities of the Council of Europe, executed in Paris on September 2, 1949, and to its Annexed Protocol, executed in Strasbourg on November 6, 1952 (OSG July 14, 1982).

Acknowledging personality to the Council of Europe within the territory of the signing States, as well as capacity to contract, acquire and transfer real estate or personal property, and appear before the Courts. Diplomatic immunity will also be granted to its high personnel.

2. Ministry of Foreign Affairs. Agreement of August 2, 1980 between Spain and the United Statess of Mexico in order to prevent, investigate and repress customs violations, signed in Mexico (OSG July 21, 1982).

By establishing different means of administrative cooperation upon recognizing that any infraction of the customs legislation will be harmful to the economic, fiscal and commercial interests of both countries.

3. Office of the Head of State. Law 37/82 of July 3, 1982, approving the extension of extraordinary credits for a total amount of 1,950 million pesetas, in order to fulfill the obligations established in the Friendship and Cooperation Agreement with the Republic of Equatorial Guinea, executed in Madrid on October 23, 1980 (OSG July 21, 1982).

The different credits will be utlized mainly in the repairing and construction of dwellings and hospitals, and in water supply, ship repairing, telephone assistance etc.

4. Ministry of Foreign Affairs. Notice of Denunciation by Spain of the Treaty on the Evaluation of Goods in Customs, signed in Brussels on December 15, 1950. The denunciation of the Treaty of Brussels will be effective May 28, 1983 (OSG July 22, 1982).

CRIMINAL

1. Office of the Head of State. Organic Law 7/82 of July 13, 1982, modifying the outstanding legislation on smuggling activities and other related criminal and administrative offenses (OSG July 30, 1982).

Former regulations were contained in Decree 2166/64 of July 16, 1964 and other complementary laws.

Smuggling is considered a crime when the punishable actions established in this Law involved objects over a value of one million pesetas each, or several objects with a similar aggregate value, or without limit in value if the smuggling consisted of drugs, explosives, firearms, or any object whose possession is a separate crime, or when the smuggling is done through an organized group.

Those convicted of a smuggling crime are subject to a jail term of from six months and one day to six years, to a fine of up to double the value of the object or objects smuggled, and to the confiscation of such object or objects.

CONTINUED ON PAGE 26

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In all other cases, smuggling will be considered an administrative offense, punishable with a fine of up to double the value of the object or objects smuggled.

COMMERCIAL

1. Ministry of Finance. Order of June 11, 1982, implementing Royal Decree 2010/81 of August 3, 1981, on reconversion of the textile industry. (OSG July 6, 1982).

2. Ministry of Agriculture, Fishing and Food. Order of July 2, 1982, temporarily approving the use of Manchego Cheese (Queso Manchego) as a denomination of origin (OSG July 8, 1982).

3. Presidency of the Government. Royal Decree 1545/82 of July 9, 1982 regarding the establishment of a unified procedure for the granting of credits and avals provided in article 4 of Law 21/82 of July 9, 1982, regulating the reconversion of industries (OSG July 16, 1982).

Granting of credits and avals will be approved by the Economic Affairs Agency (Comisión Delegada del Gobierno Para Asuntos Económicos). The rate of interest will be the general lending rate established by the Banco de Crédito Industrial.

Repayment terms will consist of seven years, commencing no later than two years from the date of granting. The Economic Affairs Agency will establish the total amount of credit to be granted to each company under the reconversion program.

4. Ministry of Economy and Commerce. Order of July 1, 1982, modifying the order of November 12, 1981 concerning interest rates applicable to the financing of certain export operations (OSG July 16, 1981).

Those States which are members of the Master Lines on Official Support Export Credit Agreement (Acuerdo sobre Líneas Directrices para Créditos a la Exportación con Apoyo Oficial) have decided to increase the minimum rates of interest on trade operations with official support. According to this decision, the present order modifies the form and interest rates applicable by private banks, Banco Exterior de España, Cajas de Ahorro, and Savings Cooperatives on the financing of certain export operations.

5. Ministry of Industry. Order of June 30, 1982 regulating the granting of subsidies to Spanish coal producers in accordance with Law 6/77 of January 4, 1977 on Mining Development (OSG July 16, 1982).

6. Ministry of Economy and Commerce. Order of July 16, 1982, on preparation and making public the Balance Sheets and Loss and Profit accounts of private banks (OSG July 19, 1982).

7. Ministry of Industry. Royal Decree 1520/82 of June 18, 1982 (rectified) regulating the craftsmanship industry (OSG July 21, 1982).

Decree 335/68 of February 11, 1968 regulating craftsmanship industries was obsolete. A new regulation of craftsmanship has been established according to the situation.

Craftsmanship is defined as the activity for the production, transformation and repairing of goods, or services rendered through a process by which personal involvement plays a major part. Thus a final product will be obtained which might not be feasible through mechanized industry or mass production.

Craftsmanship is classified as artistic, consumer goods and service craftsmanship.

A special registry of craftsmanship industries is established, and also a government agency to study measures to promote and protect craftsmanship.

8. Ministry of Economy and Commerce. Order of July 16, 1982 liberalizing the price of books written in Spanish (OSG July 23, 1982).

9. Ministry of Economy and Commerce. Royal Decree 1696/82 of July 9, 1982, extending the partial suspension of the Customs Tariff of normal application (OSG July 18, 1982).

Royal Decree 774/80 of April 18, 1980, based on economic situation, determined the suspension of Customs Tariffs of normal application. Considering that the economic situation is maintained, this new Royal Decree provides the extension of the suspension until October 26, 1982.

10. Ministry of Finance. Order of July 15, 1982, regulating the accounting of holding companies (OSG July 30, 1982).

The present rule can be considered as a new step in the internationalization process of the Spanish accounting system in accordance with the General Plan of Accounting.

The object of the rule is that holding companies could provide a unified financial information, in accordance not only with the national but also the international systems.

Present rules are optative, without prejudice of future dispositions.

11. Ministry of Economy and Commerce. Royal Decree 1718/82 of June 25, 1982, on pre-financing of goods exported on consignment (OSG July 30, 1982).

12. Ministry of Finance. Order of July 12, 1982, accepting the recommendation of the Council of Customs Cooperation of December 5, 1962, on refunding of duties and import taxes when short-shipment of goods has occurred (OSG July 31, 1982).

13. Ministry of Commerce. Order of July 30, 1982, regulating the intervention of the Bank of Spain on prefinancing credits of goods exported on consignment (OSG August 2, 1982).

14. Presidency of Government. Order of August 26, 1982, developing Royal Decree 1002/82 of May 14, 1982, regulating the reconversion of the shoe and other related industries (OSG September 3, 1982).

Royal Decree 1.002/82 of May 14 established general grants and conditions for companies under reconversion process. The present order determines what documentation must be presented, and regulates

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the activity of the Executive Committee as the organism of control of the reconversion plan.

FISCAL

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1. Ministry of Finance. Order of July 6, 1982, modifying tax reductions on exports of certain merchandise (OSG July 16, 1982).

Use of new techniques has brought about the appearance of specialized new industries, as in the case of the metallurgy of precious metals, altering the price composition of the final product; tax discounts on certain items are therefore revised as follows:

Customs Items	Tax Discount
71.07 A II	45%
71.07 A II a) 2	45%
71.07 B II a) 2	45%

2. Ministry of Finance. Royal Decree 1547/82 of July 9, 1982, partially developing Law 34/80 of June 21, 1980, on the Reform of Tax Procedure (OSG July 16, 1982).

The innovations introduced by the Reform of Tax Procedure Law are developed, especially insofar as it refers to the Economic-Administrative Courts involvement which Tax Juries; it refers also to the indirect valuation system applicable in cases where the Administration could not obtain a direct valuation of or the contributor does not provide a self-evaluation.

3. Ministry of Finance. Royal Decree 2089/82 concerning the regulation of Saving Tax Accounts (OSG September 1, 1982).

With exclusive application for 1982 fiscal year, a new article is added to the regulations of Income Tax of individuals in accordance with the directives of Law 44/1981 of December 26 of General Budget for 1982.

According to the present regulation, 15% of the amounts deposited on fixed term deposit accounts, named Tax Saving Accounts, can be deducted from the Personal Income Tax.

Minimum deposit on Tax Saving Accounts will be 100,000 pesetas and the maximum will be 500,000 pesetas. Deposits cannot be withdrawn except for reasons beyond the depositor's control and to acquire qualified quotation shares or fixed assets of companies.

FOREIGN INVESTMENTS

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1. Office of the Head of State. Law 43/83 of July 7, 1982 regarding foreign investments on publishing companies (OSG July 21, 1982).

Former regulations excluded the possibility of foreign investments on publishing companies according to Law of March 18, 1966 of Prensa e Imprenta.

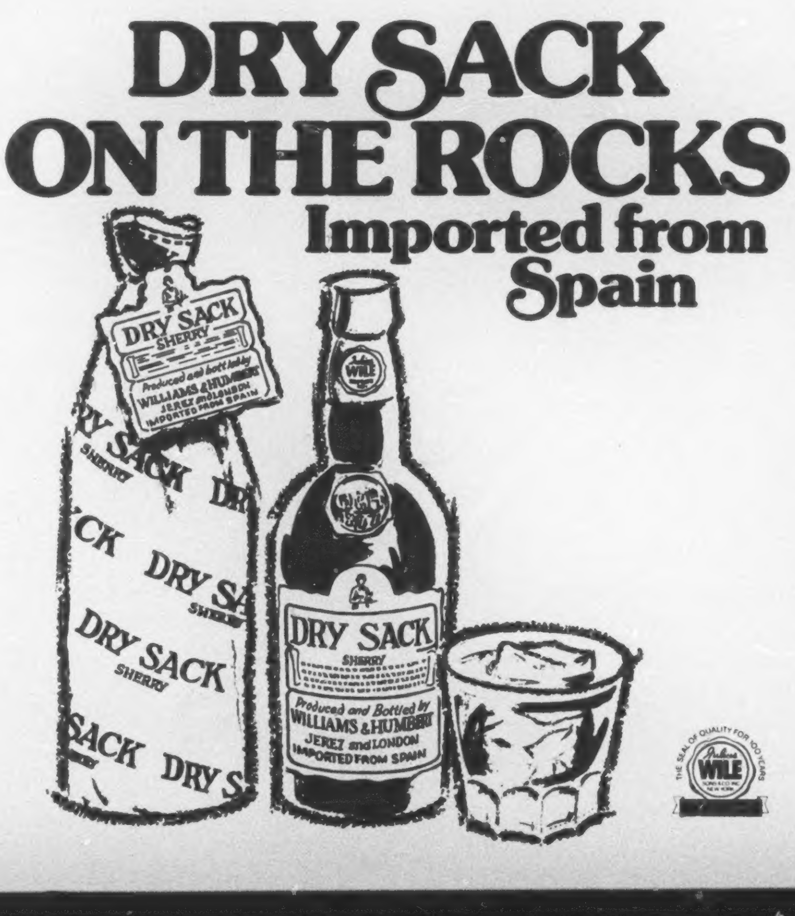
Present law provides the application of the general foreign investments regulations contained in Decree 3021/74 of October 31, 1974. From now on foreign investments are permitted in publishing companies without special authorization, provided the foreign equity in the Spanish company do not exceed 50% or without limitation if capital doesn't exceed 25 million pesetas.

Government will develop by Decree the present regulation in six months.

2. Ministry of Economy and Commerce. Royal Decree 2955/82 of August 12, 1982, modifying Royal Decree 2236/79 of September 14, 1979 (OSG August 14, 1982).

Spanish investments in foreign bonds was liberalized by Royal Decree 2.336/79 of September 14, 1979. However, the substantial increase in the volume of investments made abroad has made necessary a temporary suspension of the liberalization for a period of six months.

In accordance with this Decree, Spanish investments in foreign bonds will require the previous authorization of the General Directorate of Foreign Transactions of the Ministry of Economy and Commerce. ☐



FROM "ESPAÑA EXPORTA,"
PUBLISHED BY EXBANK - BANCO DE EXPANSION INDUSTRIAL

Spanish Direct Foreign Investment Increases in First Quarter, Puerto Rico Tops Recipients

In the first quarter of 1982, Spanish direct foreign investment showed a new advance. The authorizations of the quarter, 11,938 million pesetas, constituted a 26.6% increase over the same period of 1981. This compares with a 16.8% growth of foreign investments during the entire year 1981. However, taking into account the larger percentage of investment directed toward the dollar area, and the depreciation of the peseta in relation to the U.S. dollar, the variation in real terms is substantial less than it at first appears.

In fact, the American continent has absorbed 80% of the total authorization for these months, vs. 70.8% during January-March 1981. This amounted to 9,525 million pesetas, with an increase over the previous year of 43%. Of this figure, Latin America accounted for 73.8% and the continental United States the balance of 6.2%. The increases are attributable to increased investment directed to Chile, Paraguay, Puerto Rico and the continental U.S., as well as the maintenance of the rate of the previous year in the cases of Mexico and Venezuela.

CONTINUED ON PAGE 32

MAJOR RECIPIENTS OF SPANISH DIRECT FOREIGN INVESTMENT

(In millions of pesetas)

	1979	1980	1981	1982*
Puerto Rico	1,252.0	1,737.0	446.6	2,858.9
Chile	360.6	578.6	3,479.0	2,809.1
Mexico	4,609.2	2,599.1	3,607.7	1,400.4
United States	3,532.2	4,302.7	2,976.6	709.3
Belgium	373.1	60.6	78.1	530.1
Paraguay	88.6	519.1	1,992.1	627.7
Great Britain	1,089.7	620.6	977.9	450.3
Brazil	707.0	2,702.7	1,604.4	345.2
Portugal	152.1	195.4	463.7	311.1
Venezuela	1,680.6	762.0	586.7	282.5
Others	10,372.4	11,758.1	13,365.8	1,613.4
Totals	**24,217.5**	**25,735.9**	**30,078.6**	**11,938.0**

*January-March

SPANISH DIRECT FOREIGN INVESTMENT BY SECTOR

(in Millions of Pesetas)

	Jan.-Mar. 1982	Variation from previous year	Principal Countries of Destination
Agriculture, livestock, forestry	1,004.6	+55.2%	Paraguay (382.6), Morocco (229.2), Mexico (223.7)
Energy and Water	33.6	- 97%	Colombia (22.1)
Extraction and transformation of non-energy minerals; chemical industries	782.2	+105.4%	Paraguay (185.7), Mexico (177.2), Portugal (146.0)
Metal-transforming industries	932.9	+13.4%	Mexico (718.9), Switzerland (90.3)
Other manufacturing industries	540.5	- 67.4%	Venezuela (234.6), U.S.A. (140.8), Mexico (120.7)
Construction	377.3	+42.8%	Portugal (116.0), Panama (55.0), U.S.A. (48.8), Chile (48.6)
Commerce	1,257.0	- 18.2%	U.S.A. (451.7), Great Britain (348.1), Panama (147.5)
Transportation and communications	143.2	+35.8%	Holland (28.7), Belgium (18.4), Great Britain (15.4)
Financial institutions	6,861.7	+125.8%	Puerto Rico (2,854.1), Chile (2,634.8), Belgium (510.0), Luxembourg (224.8)
Other services	4.7	- 54.8%	
TOTALS	**11,937.9**	**+26.6%**	

Major Fairs and Exhibitions in Spain — 1983

JANUARY, INTERNATIONAL

Valencia, Jan. 18-22: **TEXTILHOGAR (International Home & Decorative Textiles)**; Apartado 476, Valencia.

Barcelona, Jan. 20-23: **RODATUR-83 (Road and Railroad Tourism Fair)**; Avda. de María Cristina, s/n; Barcelona.

Barcelona, Jan. 22-30: **XXI International Boating and Camping Trailer Show;** Avda. de María Cristina, s/n, Barcelona.

JANUARY, NATIONAL

Madrid, Jan. 14-19: **IBERJOYA (National Jewelry Show)**; Recinto Ferial de la Casa de Campo, Avda. de Portugal, s/n; Madrid.

Madrid, Jan. 15-19: **REGALO FAMA (Gift Showcase)**; Recinto Ferial de la Casa de Campo; Av. de Portugal, s/n, Madrid.

FEBRUARY, INTERNATIONAL

Madrid, Feb. 1-5: **FITUR (International Tourism Fair)**; Recinto Ferial de la Casa de Campo; Av. de Portugal, s/n, Madrid.

Valencia, Feb. 10-13: **FIMIJ-83 (International Infants' and Children's Clothing Fair—First Edition)**; Apartado 476; Valencia.

Valencia, Feb. 10-16: **FEJU-83 (International Toy Fair)**; Apartado 476; Valencia.

Barcelona, Feb. 11-14: **Fashion and Apparel Exhibition—First Edition)**; Av. de María Cristina, s/n; Barcelona.

Barcelona, Feb. 11-14: **MODAPUNTO-83 (National Knitwear Exhibition—First Edition)**; Av. de María Cristina, s/n; Barcelona.

Valencia, Feb. 12-16: **DIPA-DIDASTEC PAPELERIA 83 (International Teaching Materials and Stationary Fair)**; Apartado 476, Valencia.

Madrid, Feb. 25-27: **IBERMODA (Men's Fashion Exhibition —First Edition)**; Av. Portugal, s/n, Madrid.

Madrid, Feb. 25-27: **IMAGEN MODA (Women's Outerwear Show—First Edition)**; Recinto Ferial de la Casa de Campo; Av. de Portugal, s/n; Madrid.

Madrid, Feb. 27-Mar. 1: **INTERMODA (International Fashion Show—First Edition)**; Recinto Ferial de la Casa de Campo, Av. Portugal, s/n; Madrid.

FEBRUARY, NATIONAL

Madrid, Feb. 5-7: **FECATIR (Hunting and Shooting Fair)**; Recinto Ferial de la Casa de Campo; Av. Portugal, s/n; Madrid.

Mahon, Feb. 5-11: **SEBIME (National Costume Jewelry Fair —First Edition)**; Polígono Industrial, Apartado 353; Mahon (Menorca).

Barcelona, Feb. 11-14: **VI Aparel Machinery Show;** Av. de María Cristina, s/n; Barcelona.

Zaragoza, Feb. 16-20: **SMAGUA (Monographic Water Exhibition)**; Apartado 108; Zaragoza.

Sevilla, Feb. 18-21: **ACICAL (Monographic Exhibition of Drugs, Perfumes, Cosmetics, and Hair Products)**; Apartado 4016; Sevilla.

Madrid, Feb. 23-27: **IBERPIEL-PELETERIA (National Leather and Fur Exhibition)**; Velázquez, 4; Madrid.

MARCH, INTERNATIONAL

Barcelona, Mar. 1-6: **CONSTRUMAT-83 (Construction Materials Fair)**; Av. de María Cristina, s/n; Barcelona.

Bilbao, Mar. 2-8: **ELA ELECTRO-83 (International Fair of Electric, Electronic, Automation and Lighting Industries)**; Apartado 468; Bilbao.

Valencia, Mar. 3-8: **CEVIDER-83 (International Ceramics, Glass and Decorative Articles Fair)**; Apartado 476; Valencia.

Valencia, Mar. 3-8: **FIAM-83 (International Metal Arts, Lamps, Jewelry and Watches Fair—First Edition)**; Apartado 476; Valencia.

Valencia, Mar. 10-14: **EXPOCARNE-83 (International Meat Industry Fair)**; Apartado 476; Valencia.

Valencia, Mar. 10-14: **MAICOP (International Bakery and Confectionery Fair)**; Apartado 476; Valencia.

Madrid, Mar. 12-20: **Hobby and Do-It-Yourself Show;** Recinto Ferial de la Casa de Campo; Av. de Portugal, s/n; Madrid.

Elda, second two weeks of March: **FICC (International Shoe Fair—First Edition)**; Apartado 104; Elda (Alicante).

Barcelona, Mar. 16-22: **HISPACK-83 (Packing, Packaging and Graphic Arts Fair)**; Av. de María Cristina, s/n; Barcelona

MARCH, NATIONAL

Madrid, Mar. 12-20: **EXPO-OCIO (Leisure Time Show)**; Recinto Ferial de la Casa de Campo; Av. de Portugal, s/n; Madrid.

Barcelona, second two weeks of March: **Feminine Ready-to-Wear Show;** Av. de María Cristina, s/n; Barcelona.

Barcelona, Mar. 19-22: **Winter Sports Exhibition;** Av. de María Cristina, s/n; Barcelona.

APRIL, INTERNATIONAL

Zaragoza, April 9-17: **FIMA (International Agricultural Machinery Technical Fair)**; Apartado 108; Zaragoza.

Valencia, April 14-17: **FIAM-83 (International Metal Arts, Lamps, Jewelry and Watches Fair—Second Edition)**; Apartado 476; Valencia.

Sevilla, April 22-May 1: **Iberoamerican Samples Fair;** Apartado 4016; Sevilla.

Barcelona, April 30-May 8: **International Automotive Fair;** Av. de María Cristina, s/n; Barcelona.

APRIL, NATIONAL

Sevilla, April 2-10: **VIBEXPO (Monographic Wines and Beverages Show)**; Apartado 4016; Sevilla.

Madrid, April 11-17: **National Electrification Show;** Recinto Ferial de la Casa de Campo; Av. Portugal, s/n; Madrid.

Madrid, April 29-May 2: **EXPO-OPTICA (National Optical and Optometric Exhibition)**; Recinto Ferial de la Casa de Campo; Av. Portugal, s/n; Madrid.

MAY, INTERNATIONAL

Valencia, May 7-11: **International Exhibition of Music, Musical Instruments and Accessories;** Apartado 476; Valencia.

Valencia, May 7-15: **FIV-83 (International Fair of Valencia)**; Apartado 476; Valencia.

INCLUDING CITY IN WHICH FAIR WILL BE HELD, DATE, TITLE OF FAIR, AND ADDRESS OF SPONSOR.

Elda (Alicante), second 2 weeks of May: **MODATEC (International Footwear-related Industries Fair, First Edition)**; Apartado 104; Elda (Alicante).

Valladolid, May 27-31: **EXPAL (International Aluminum and Non-Ferrous Metals Fair;** Apartado 423; Valladolid.

MAY, NATIONAL

Jaen, May 2-8: **Olive Oil and Related Industries Show;** Hurtado, 29 - Apartado 18; Jaén.

Madrid, May 6-9: **IBERPIEL (Handbags and Moroccan Leather Show)**; Velázquez, 4; Madrid.

Almeria, May 17-22: **III EXPO-ENERGIAS (Energy Expo)**; Paseo de Almeria, 61; Almeria.

Bilbao, May 20-29: **EXPO-VACACIONES-83 (Tourism and Leisure Time Show)**; Apartado 468; Bilbao.

Bilbao, May 20-29: **EXPO-CONSUMO-83 (Consumer Goods Fair)**; Apartado 468; Bilbao.

Lerida, May 26-29: **MUNICIPALIA (National Municipal Equipment Show)**; Apartado 106; Lérida.

JUNE, INTERNATIONAL

Barcelona, June 2-10: **International Samples Fair of Barcelona;** Avda. de María Cristina, s/n; Barcelona.

JUNE, NATIONAL

Valencia, June 4-7: **MUNDO BELLEZA-83 (Cosmetic, Perfume, Hair Products and Drug Show)**; Apartado 476; Valencia.

JULY, NATIONAL

El Ferrol (La Coruna), July 16-27: **Northwestern Samples Fair;** Apartado 201; El Ferrol (La Coruña).

AUGUST, NATIONAL

Gijon, August 6-21: **National Samples Fair of Asturias;** Instituto, 17; Gijón.

SEPTEMBER, INTERNATIONAL

Valencia, Sept. 15-18: **FIMIM-83 (International Infants' and Children's Clothing Fair - Second Edition)**; Apartado 476; Valencia.

Elda, second 2 weeks of September: **FICC (International Shoe Fair - Second Edition)**; Apartado 104; Elda (Alicante).

Barcelona, Sept. 26-Oct. 2: **SONIMAG-21 (International Picture, Sound and Electronics Fair)**; Avda. de María Cristina, s/n; Barcelona.

Valencia, Sept. 28-Oct. 2: **IBERFLORA-83 (International Horticultural Show)**; Apartado 13; Valencia.

Madrid, Sept. 30-Oct. 2: **IBERMODA (Men's Fashion Exhibition - Second Edition)**; Recinto Ferial de la Casa de Campo; Avda. Portugal, s/n; Madrid.

Madrid, Sept. 30-Oct. 2: **IMAGEN MODA (Women's Outerwear Show - Second Edition)**; Recinto Ferial de la Casa de Campo; Avda. Portugal, s/n; Madrid.

SEPTEMBER, NATIONAL

Barcelona, Sept. 11-14: **PROMOREGALO-83 (Promotional Gift Show)**; Avda. de María Cristina, s/n; Barcelona.

Valladolid, Sept. 13-25: **National Samples Fair of Castilla and Leon;** Apartado 423; Valladolid.

Lerida, Sept. 17-25: **National Agricultural and Fruit Fair of San Miguel;** Apartado 106; Lerida.

Madrid, Sept. 18-20: **National Sporting Goods Fair;** Recinto Ferial de la Casa de Campo; Avda. Portugal, s/n; Madrid.

Barcelona, Sept. 24-29: **EXPOHOGAR-83 (National Home Show)**; Avda. de María Cristina, s/n; Barcelona.

Barcelona, Sept. 26-Oct. 2: **EXPODOMESTICA-83 (National Household Appliances Show)**; Avda. de María Cristina, s/n; Barcelona.

OCTOBER, INTERNATIONAL

Madrid, Oct. 2-4: **INTERMODA (International Fashion Show - Second Edition)** Recinto Ferial de la Casa de Campo; Avda. Portugal, s/n; Madrid.

Bilbao, Oct. 3-9: **TRASMET-83 (Metallurgical Show)**; Apartado 468; Bilbao.

Bilbao, Oct. 3-9: **SUBCONTRACCION-83 (Sub-Contracting Fair)**; Apartado 468; Bilbao.

Bilbao, Oct. 3-9: **SIDEROMETALURGICA-83 (Siderometallurgical Industry Fair)**; Apartado 468; Bilbao.

Bilbao, Oct. 3-9: **SINAVAL-83 (International Maritime and Shipbuilding Exhibition)**; Apartado 468; Bilbao.

Barcelona, second 2 weeks in October: **Fashion and Apparel Exhibition (Second Edition)**; Avda. de María Cristina, s/n; Barcelona.

Barcelona, second 2 weeks in October: **MODAPUNTO-83** (National Knitwear Exhibition - Second Edition); Avda. de María Cristina, s/n, Barcelona.

Madrid, Oct. 14-20: **International Book Fair;** Recinto Ferial de la Casa de Campo; Avda. Portugal, s/n; Madrid.

Valencia, Oct. 17-23: **FIM-83 (International Furniture Fair)**; Apartado 476; Valencia.

Madrid, Oct. 21-27: **INSTRUMENTALIA-EXPOMEDICA (Scientific, Medical and Technical Instruments Fair)**; Recinto Ferial de la Casa de Campo; Avda. Portugal, s/n; Madrid.

Barcelona, Oct. 24-30: **HOSTELCO-83 (Exhibition of Restoration Equipment)**; Avda. de María Cristina, s/n; Bárcelona.

OCTOBER, NATIONAL

Mahon, Oct. 1-7: **SEBIME (National Costume Jewelry Fair - Second Edition)**; Polígono Industrial, Apartado 353, Mahon (Menorca).

Madrid, Oct. 5-9: **Publicity and Marketing Show;** Recinto Ferial de la Casa de Campo; Avda. Portugal, s/n; Madrid.

Zaragoza, Oct. 6-16: **FOMN (Official National Samples Fair)**;Apartado 108; Zaragoza.

Valladolid, Oct. 13-17; **BICI-MOTO (Bicycle, Motorcyle and Accessories Show)**; Apartado 423; Valladolid.

Barcelona, second 2 weeks in October: **Feminine Ready-to-Wear Show;** Avda. de María Cristina, s/n, Barcelona.

Barcelona, Oct. 22-25: **Sporting and Camping Show;** Avda. de Maria Cristina, s/n; Barcelona.

Torrelavega (Santander), Oct. 28-Nov. 2: **EXPOLACTEA (Dairy Show)**; Avda. Fernando Arce, 6; Nueva Ciudad; Torrelavega (Santander).

CONTINUED ON PAGE 32

FAIRS AND EXHIBITIONS 1983

CONTINUED FROM PAGE 31

NOVEMBER, INTERNATIONAL

Las Palmas, Nov. 5-13: **International Fair of the Canary Islands;** Apartado 50; Las Palmas de Gran Canaria.

Elda, second 2 weeks in November: **MODATEC (International Footwear-Related Industries Fair - Second Edition)**; Apartado 104; Elda (Alicante).

Barcelona, Nov. 15-18: **EXPOVIGA-83 (Poultry and Livestock Techniques Fair)**; Avda. de María Cristina, s/n; Barcelona.

Valencia, Nov. 16-20: **FIMMA-MADERALIA-83 (International Woodworking Machinery Fair)**; Apartado 476, Valencia.

Madrid, Nov. 18-25: **SIMO (International Office and Data Processing Equipment Exhibition)**; Recinto Ferial de la Casa de Campo; Avda. Portugal, s/n; Madrid.

NOVEMBER, NATIONAL

Bilbao, Nov. 2-6: **EXPOQUIMIA-83 (Applied Chemistry Show)**; Apartado 468; Bilbao.

Madrid, Nov. 2-6: **TURINVER (National Tourism, Mountaineering and Winter Fair)**; Recinto Ferial de la Casa de Campo; Avda. Portugal, s/n; Madrid.

Madrid, Nov 3-7: **IBERPIEL (National Leather and Luggage Show - Second Edition)**; Velázquez, 4; Madrid.

Madrid, Nov. 9-13: **IBERDIDAC (Didactic Material and Equipment Show)**; Recinto Ferial de la Casa de Campo; Avda. de Portugal, s/n; Madrid.

DECEMBER, NATIONAL

Madrid, Dec. 6-11: **IBERDISCO (Recording Industry Show)**; Recinto Ferial de la Casa de Campo; Avda. Portugal, s/n; Madrid.

SPANISH DIRECT FOREIGN INVESTMENT INCREASES

CONTINUED FROM PAGE 29

ment went to the EEC countries, two percentage points less than during the first quarter of 1981, even though in absolute figures the 1,327 million pesetas destined to the European countries constituted an increase of 6.3% over the previous year. This decrease in the share of the EEC is due to a substantial fall in the number of authorizations for investment in Germany and France, while investment interest increased in Great Britain, Belgium and Luxembourg.

Analyzing the investments by sector, we see a substantial increase registered by the category "financial institutions," which absorbed 6,861 million pesetas, 57.4% of the total authorized, and 126% more than in the first quarter of 1981. Of this total, 6,242 million are bank-type investments, among which are strong buying operations in Puerto Rico and Chile.

In absolute value, the sector "Commerce" follows with 1,257 million pesetas, a reduction of 18.2% from the authorized investments of one year earlier. More than 32% of this total was directed toward large-scale retail operations, and the balance involves wholesale commerce. The United States and Great Britain were the principal destinations (64%) of the total), and the rest was directed to Panama, Brazil, Chile, Argentina and France.

The investments authorized in the category of agriculture, forestry and fishing amounted to 1,004.6 million pesetas, a 55.2% increase over the first quarter of 1981. Of this total, 60% went to the fishing sector and the rest to farming and animal husbandry. A third of these investments were directed to Paraguay, 23% to Morocco, and 22% to Mexico.

932.9 million pesetas were directed to "metal transforming industries," a variation from the previous year of 13.4%, with foundries the principal subsector (524.4 million). 77% were destined for Mexico.

The category, "extraction and transformation of non-energy minerals and chemical industry," with 782.2 million pesetas, has also shown a significant increase—105.4%, especially the investments destined for the manufacture of basic and industrial chemical products. Paraguay, Mexico, Portugal and Costa Rica were the principal destinations in this group.

In the category "other manufacturing industries," the authorized investments of 540.5 million pesetas were 67.4% less than during the 1981 quarter. The largest figures represented investments destined for Venezuela, the United States, and Mexico. □

Spanish Line Adds Savannah to Gulf Service Ports of Call

Above, at a reception celebrating the addition of Savannah to the ports of call served by Trasatlantic Spanish Line, are Alfonso Escalera, U.S. Delegate of the line, Irving Greenbaum of Durkee Foods, Pascual Pery, President of Trasatlantica Spanish Line and former Minister of the Navy of Spain, and David Corry of Tee Pee Olives.

Savannah will be served by the line's two new Ro/Ro and Lo/Lo vessels, which call at the Spanish ports of Barcelona, Valencia, Cadiz and Bilbao and the Italian ports of Genoa and Leghorn. The addition of Savannah means that the line now offers service to the Mediterranean from the entire U.S. East coast from Maine to Texas.

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News in Brief . . .

Vicente Puig Sr. Dies, Headed La Cena Fine Foods

Vicente Puig Sr., president of La Cena Fine Foods and of Vicente Puig of Florida, Inc., died on October 11th in Hollywood, Florida, at the age of 78. A Chamber member since the early 1960s, he was also a member of the Spain-U.S. Chamber of Miami.

A veteran of 58 years in the food business, Mr. Puig spent most of his life in Cuba. In 1960 he came to New York and opened his business here, and in 1974 he started his Florida operation. His son, Vicente Puig Jr. is an active Chamber member and former Director.

Vicente Puig Sr. will be greatly missed by his friends in the food industry and the Chamber, and Chamber President Ricardo Jove has expressed sympathy to his family on behalf of all Chamber members.

New Chamber Committee Chairmen Appointed

Chamber President Ricardo Jove has appointed the following committee chairmen. Members are urged to contact the appropriate chairman with suggestions, problems, or to volunteer their assistance.

Market Studies Committe: Agustín Nuñez Corral
General Trade Committee: Harold B. Barg
Legal Matters Committee: Joel T. Camche
Budget Committee: Luis Bonel
Air Freight Matters Committee: Pedro Ortiz Valero
Dinner-Dance Committee: Carlos Rós
Membership Committee: Joseph Sánchez

1982-83 Edition of 'Prodei' Directory Received

The Chamber has just received the 1982-1983 edition of the PRODEI directory of Spanish producers, manufacturers, exporters and importers. The new edition has increased the number of firms and products listed.

PRODEI also includes lists of chambers of commerce in Spain, governmental and private organizations involved in world trade, useful information on foreign countries such as diplomatic and commercial representation, trade agreements, commercial statistics and bibliography.

Spanish firms are listed with addresses and telephone, cable, and telex numbers. Information is presented in Spanish, English, French and German. Copies can be obtained from PRODEI, Almirante 21, Apartado 562, Madrid-4, Spain.

Miami to be Direct Discharge Point for Maersk

Maersk line will expand their fortnightly homebound service from Italy, France and Spain with the inclusion of Miami as a direct discharge port. The service will commence with the voyage of the Arild Maersk, sailing from Leghorn, Genoa, Marseilles and Valencia and calling at Miami direct on November 15th.

George Dietz Appointed to U.S. Mission Post in Rome

George J. Dietz, a former president of the Chamber, has been appointed to represent the U.S. Department of Agriculture at the U.S. Mission in Rome. The Mission is the U.S. liaison with the United Nations food and agricultural organizations headquartered in Rome, which include the Food and Agricultural Organization, World Food Council, World Food Program, and the International Fund for Agricultural Development.

Iberia Using American Airlines Reservation System

In September, Iberia Airlines began a co-host program with American Airlines' Sabre System, considered one of the world's best computer reservations systems. "Through our own Sabre set," says Iberia Reservations Manager Luis Sampedro, "we will be able to quickly and efficiently transmit information on fares and schedules, assist in clearing space, provide current marketing data, or answer any questions other Sabre users may have."

Iberia, one of Europe's largest carriers, serves 91 cities in 52 countries and provides daily non-stop service via jumbo jets between New York and Madrid.

Second Edition of Economics Prize Contest Announced

The Institute of Spain, sponsored by the president of the Spanish insurance firm Metropolis, S.A., has announced the second edition of its 5 million peseta prize contest for works or studies on economic themes. The subject chosen for this year's contest is "Pension Funds: Their Economic/Actuarial Scope / Contracting and Proceedings Through Insurance Concerns — Compared Legislation." Any work included within this subject may compete. The works should have a minimum length of 150 typewritten pages, double spaced. The deadline for presentation is March 31st, 1983. A folder with details is available at the offices of the Chamber.

BANESTO BANKING CORPORATION

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Banco Español de Crédito (BANESTO), Madrid, acquired a substantial majority of the outstanding shares of the Argentine Banking Corporation (ABC) on June 24, 1982. Founded in 1978, the New York bank specializes in international corporate and correspondent banking with emphasis on the financing of international trade. Now a member of Spain's foremost commercial banking group, the new Banesto Banking Corporation (BBC) provides a unique financial link between Spain, the United States, and Latin America.

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J. A. Dobson, Inc.
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Norwood, NJ 07648

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The Maine Line Co.
100 Pascal Avenue
Rockport, ME 04856

Artículos de regalo:
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Houston, TX 77258

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Vitarroz Corp.
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Hoboken, NJ 07030

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International Trade Development
General Electric Trading Co.
570 Lexington Avenue
New York, NY 10022

Instalaciones y aparatos para acondicionamiento de aire:
Mr. Anthony Curreri
Fedders Corp.
Woodbridge Avenue
Edison, NJ 08818

Suelas de goma para calzado:
Mr. Bud Salvatore
P.O. Box 983
Greenwich, CT 06836

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Mr. Monroe Greenfield
Leon's Bearing Service Inc.
198-26 Jamaica Ave.
Hollis, NY 11423

Tableros recubiertos de formica:
Mr. Frederick A. Guzman
International Trade Development
General Electric Trading Co.
570 Lexington Ave.
New York, NY11355

Maquinaria para la fabricación de prefabricados de hormigón:
Mr. Abdel Haouchine
134-24 Maple Avenue
Flushing, NY 11355

Piezas y accesorios para lámparas:
Mr. Zetooney
Zetco Lighting Co.
65 Quentin Road
Brooklyn, NY 11223

Zapatos, botas abrigos y chaquetas de cuero para dama y caballero:
Mr. C. A. Killebrew
The Killebrew Company
P.O. Box 14118
Memphis, TN 38114

Agendas de cuero:
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9927 DeSoto Avenue, N° 12
Chatsworth, CA 91311

Frutos secos; aceite de oliva; aceitunas; artículos confeccionados; calzado:
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20 Park Manor Drive
Daly City, CA 94015

Perfumería y cosméticos:
Mr. Aron Kamar
1171 Ocean Parkway
Brooklyn, NY 11230

Productos en general:
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Mini-Mundo International Inc.
580;9 W. Roxbury Place
Denver, CO 80123

Hilados de fibras naturales—lana, algodón, seda, lino, etc.:
Mr. M. Rosenblatt
Angora Corporation of America
29 West 35 Street
New York, NY 10001

Productos en general:
Mr. Larry R. Vincelette
Ellie's Emporium
2114 38th Terrace South
New Port Richey, FL 33552

Tarjetas religiosas:
Ms. Anne M. Ferrante
The Ferrante Press
516 Bloomfield Ave.
Verona, NJ 17044

Acero y productos de acero:
Mr. Robert Doup
Global Trading Co.
4096 Tilghman
Allentown, PA 18104

Llaveros de cuero:
Mr. Edward H. Allen
117 South Main Street
Bridgewater, VA

Productos alimenticios en general:
Mr. David MacNicol
International Tradex
1608 North Lake Shipp Drive
Winter Haven, FL 33880

Ropa para señora, caballero y niño:
José Romero
37-37 88th Street
Jackson Heights, NY 11372

Joyería (pendientes):
Sasun Jewelry
303 Fifth Avenue
New York, N.Y. 10016

Guantes y demás artículos de golf:
Mr. Jerry Wilkaitis
66-A Lost Dutchman Drive
St. Peters, MO 63376

Artículos de regalo:
Mr. Robert A. Sellers Jr.
Sellers Ad-Venture
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Fort Worth, TX 76108

Canastas y cestas:
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De Laurentis Import Corp.
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New York, NY 10023

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New York, NY 10018

Láminas artísticas:
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Berkeley, CA 94707

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5809 W. Roxbury Place
Denver, CO 8012

Muebles:
Homestone
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Cupertino, CA 95014

Azulejos:
Intersphere Co.
400 Montgomery St., No. 714
San Francisco, CA 94104

Calzado:
The Little Shoebox
510 Redhill Ave.
San Anselmo, CA 94960

Azafrán; alcachofas; alcaparras:
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Boulder, CO 80306

Artículos de regalo y de decoración:
Great City Traders
537 Stevenson
San Francisco, CA 94103

Mercancía en general:
California Middle East Co.
1115 Third St.
San Rafael, CA 94901

Productos textiles; articulos de cuero:
North West International
44 Monterrey Blvd.
San Francisco, CA 94131

Confección textil:
Ess Discount
Mr. Aric Ben-Yakir
1075 Market St.
San Francisco, CA 94105

Frutas congelados; helados:
Javelin Co.
652 Bair Island Road
Box 8013
Redwood City, CA 94063

Articulos textiles para el hogar; productos de perfumeria:
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Seattle, WA 98108

Estufas portatiles de propano:
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Mármol Export
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Barcelona-24

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Barcelona-23

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Camp, 69
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Alfonso XII, 30
Madrid-14

Wooden office furniture:
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Apartado, 18
Valls (Tarragona)

Marble:
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Apartado 271
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Lira, 6 - 2D
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Furniture; ceramics; lamps:
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Valencia-2

Plumbing equipment:
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Benito Alberdi, 1 - 2a planta
Bilbao-2

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Villerejo de Salvanes (Madrid)

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Madrid-19

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Urumea, 8
Madrid-2

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Concepción Arenal, 15-17
Zaragoza-5

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Caspe, 88
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CONTINUED ON PAGE 38

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Añafil, 6 bis.
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saffron:
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P° de la Habana, 27
Madrid-16

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General Ricardos, 136
Madrid-19

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Cuesta de Sto. Domingo, 3 - 3°
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C/ José Antonio Armona, 4
Madrid-5

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Ronda de Toledo, 16
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Ctra. Nacional II, Km. 27
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Leonardo del Moral López
C/ Esparteros, 13
Madrid-12

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Gran Vía, 47
Madrid-13

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Madrid-12

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Ronda de Toledo, 38
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Bohemia, 2
Gijón (Oviedo)

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Madrid-14

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Condesa de Venadito, 1
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San Sebastián de los Reyes (Madrid)

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Madrid-6

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Madrid-13

Jewelry:
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Madrid

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Miguel de Unamuno, 26
Salamanca

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Cart. Barcelona, Km. 23
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Madrid

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Padre Damián, 43 - 1° 15
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B° Traña, s/n
Abadiano (Vizcaya)

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Padilla, 17 - 6° Piso
Madrid-6

Wines:
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C/ Raimundo Caro-Paton, 102
Valedepeñas (Ciudad Real)

Cosmetics and infants' hygiene products:
Cosminter, S.A.
José Sánchez Pescador, 7
Madrid

FROM THE SPANISH NATIONAL TOURIST OFFICE

Changing Your Money in Spain

By Charles Ocheltree

THERE ARE TIMES while traveling that you almost feel you need an MBA from Harvard, or at least a degree in international economics, to exchange one lousy traveller's check in U.S. dollars to the local currency. Not only do you have to hassle with finding the best exchange rate available, but you also have to consider who takes what off the top as a fee. The whole situation can be mind boggling and outright frustrating.

In the interest of maintaining sanity, blood pressures, and avoiding unnecessary college tuition, let's take a quick look at how the game is played in Spain, what options are available, and the pros and cons of each.

Banks, of course, are most people's first choice when it comes time to replenish their supply of pesetas. They offer a precise, up-to-the-minute exchange rate, and readily accept all kinds of traveller's checks or plain ordinary cash. Those that do offer an exchange service identify themselves by a plaque which says just that.

Of course you'll have to work around their bankers' hours, which for Spain are 9 a.m. to 2 p.m. on weekdays and 9 a.m. to 1 p.m. on Saturdays. Forget Sundays. At times you'll find that some branches won't exchange money until the first quotes of the day reach them, which might not be until 9:30 or 10:00 in the morning. No real problem arises, unless you happen to be flat-out busted at 4 p.m. on a Saturday, or any other afternoon.

Keep in mind that banks don't work for free. Generally you'll find that a one percent commission is subtracted from the transaction, provided you are changing what the particular bank deems the minimum.

That minimum varies from bank to bank, and anything below the minimum is assessed the same fee as if it were the minimum. Also remember that banks love large denomination traveller's checks; they much prefer to see Ben Franklin's picture on a greenback to that of Andy Jackson. In fact, they usually like them so much that you might find they're willing to give you more pesetas per dollar in return.

One other little item about banks. Don't be surprised if you spend anywhere from 15 minutes to a half hour waiting in lines. Usually you have to go first to the exchange counter, where your checks are processed. Then the paperwork is passed on to the "caja," or cashier, who will call you over to his window to receive payment. In busy banks the process can be lengthy.

Changing Money in Your Hotel

Many hotels in Spain also change money for patrons. Naturally, when you put a middle man between you and the bank you can expect a far less favorable rate of exchange—sometimes as much as 10% less. But don't scratch hotels off your list yet.

Except in unusual cases, such as late at night after the hotel has sent over its deposits to the night deposit box of its bank, you can change money at almost any hour of the day or night, any day of the week. In addition, especially on exchanges of small amounts, your losses on the exchange rate are reduced by the fact that the hotel does not levy a fee for the exchange—it's a "free" service. And lastly, if you're in a hurry, the tour bus is waiting and you're holding up the show, the exchange is completed in about as much time as it takes to sign your checks. There's little or no waiting.

Occasionally, when currencies are fluctuating rapidly and when the dollar is losing strength, you'll even find that the hotel may be behind in getting the latest bank quotes, and you'll come out ahead at the hotel. That's because they're a day behind, and the bank isn't. This trick works well over weekend periods when the hotel is using Friday's quotes—and on Monday the dollar opens down.

The third alternative, besides banks and hotels, is that of good old American Express. At American Express the exchange rate is usually the same as the bank rate, and they charge the same 1% fee, albeit without a minimum requirement. You can only change their traveller's checks or cash or personal checks against your Amex credit card. The problem lies in chasing all over town to find their office. Unless they just happen to be around the corner the effectiveness of using them dinishes greatly.

There's just one option left: department stores. In chain department stores such as Galerias Preciados and El Corte Ingles, you'll find exchange counters. As a rule they are hidden somewhere on the top floor, next to furniture or the cafeteria — anywhere where you are obliged to transverse the maximum quantity of appealing goodies before reaching your ultimate goal. The exchange rate is as good as the bank's, and the commision fee charged for the service is less than that of the bank. The catch is, can you really make it either all the way in or all the way out without spending any of the extra money you've made on your shrewd exchange? □

FROM THE COMMERCIAL OFFICE OF SPAIN IN NEW YORK

Spain's Exports to the U.S., Jan.-July 1982

In this tabulation, using statistics from the U.S. Department of Commerce, the first column gives Spain's exports to the United States from January 1st through July 31st, 1982, in thousands of dollars. The second column gives the percentage of variation from the same period of 1981. Column 3 indicates the percentage of total exports represented by each group.

	Jan.-July 1982	% Variation from 1981	% of total
I. FOOD PRODUCTS	**112,840**	**+ 13.4**	**12.16**
1. Fish and seafood, except preserved	10,444	- 9.6	
2. Preserved fish and seafood	6,509	- 26.9	
3. Marmalades and preserved fruits	7,260	+ 35.6	
4. Vegetables, prepared or preserved, including olives	68,615	+ 20.7	
5. Sweets with a sugar base which do not contain cocoa	4,320	+ 135.6	
6. Paprika	3,137	- 18.7	
7. Food preparations, unspecified	1,652	+ 6.8	
II. BEVERAGES AND TOBACCO	**30,864**	**- 22.1**	**3.33**
8. Table wines and Sherry	20,924	- 21.3	
9. Sangria	4,971	- 8.6	
10. Brandies and similar	4,064	- 33.4	
11. Processed tobacco	420	- 69.8	
III. RAW MATERIALS, INEDIBLE, EXCEPT PETROLEUM AND OTHER VEGETABLE PRODUCTS	**12,922**	**- 5.6**	**1.39**
12. Fluorspar	2,705	+ 436.7	
13. Raw materials of animal origin	924	- 32.4	
14. Rums, resins and natural lacquers	2,988	+ 11.0	
15. Other crude vegetable materials	2,582	- 28.4	
IV. PETROLEUM PRODUCTS AND LUBRICANTS	**28,491**	**- 30.9**	**3.07**
16. Fuel for reaction-motored aircraft, and aircraft w/unspecified motors	-	-	
17. Light petroleum	4	-	
18. Heavy petroleum	16,045	+ 90.3	
19. Lubricating oils and greases, hydrocarbons	12,429	+ 1.7	
V. OILS AND FATS, ANIMAL AND VEGETABLE	**8,744**	**- 6.7**	**0.94**
20. Olive oil	8,704	- 6.8	
VI. CHEMICAL PRODUCTS	**43,600**	**+ 10.2**	**4.70**
21. Organic chemical products	13,781	- 6.1	
22. Inorganic chemical products	13,283	+ 53.9	
23. Essential oils and perfumery materials	6,132	- 24.1	
24. Soaps and detergents	1,667	+ 99.9	
VII. MANUFACTURES AND SEMI-MANUFACTURES	**298,376**	**- 12.6**	**32.16**
25. Leathers, hides and their manufactures	9,654	+ 7.0	
26. Tires	17,108	- 63.0	
27. Manufactures of wood and cork	2,838	- 21.9	
28. Articles of paper and cardboard	3,457	+ 10.4	
29. Thread and yarn	2,357	+ 57.9	
30. Manufactured articles of clothing	1,019	- 35.8	
31. Fabrics of wool	725	+ 78.1	
32. Lime, cement and other construction materials, except tiles	5,469	- 6.5	
33. Tiles	5,940	- 20.0	
34. Articles of crystal and glass	2,561	- 25.3	
35. Pottery articles	9,846	- 1.2	
36. Iron and steel in bars, sheets, etc.	191,418	+ 1.7	
37. Non-ferrous metals	5,502	-75.5	
38. Wire, without electrical insulation	10,559	+ 93.7	
39. Screws, nails, rivets, etc. of iron, steel or copper	7,828	- 7.5	
40. Hand tools	5,242	+ 10.5	
41. Household utensils of common metals	3,504	+ 11.2	
42. Metal manufactures, unspecified	7,177	- 5.0	
VIII. MACHINERY AND TRANSPORT EQUIPMENT	**171,672**	**+ 38.8**	**18.50**
43. Non-electric generators and parts	3,061	+ 2.9	
44. Agricultural machinery and parts	5,003	+ 227.2	
45. Office machines and parts	49,326	+ 68.2	
46. Metalworking machinery	15,495	- 6.9	
47. Textile and leather machinery	1,714	- 30.0	
48. Industrial machinery	2,455	+ 25.4	
49. Machinery and apparatus, unspecified, and parts	12,091	- 16.1	
50. Electrical generators, comutators, and parts	3,624	+ 52.8	
51. Household electrical apparatus and parts	2,619	+ 105.1	
52. Electrical machinery and apparatus, unspecified, and parts	3,394	+ 18.8	
53. Transportation equipment	66,200	+ 62.4	
53a. Parts and accessories for tractors, vehicles & motors	38,782	+ 32.2	
53b. Motorcycles and parts	449	- 56.7	
53c. Aircraft	9,401	+ 24.8	
53d. Supplies for aircraft and space craft, unspecified	5,003	+ 90.4	
IX. MANUFACTURED CONSUMER PRODUCTS	**202,912**	**+ 20.4**	**21.87**
54. Lamps and parts	3,381	- 27.7	
55. Furniture	7,391	- 5.6	
56. Luggage and handbags	3,676	- 20.7	
57. Textile manufactures	1,496	0.3	
58. Leather manufactures & accessories	2,078	+ 49.3	
59. Knitwear manufactures and accessories	779	+ 3.0	
60. Footwear	140,172	+ 30.9	
61. Printed matter	11,671	- 6.8	
62. Toys and sporting goods	5,484	+ 35.5	
63. Arms and parts, except revolvers and pistols	2,367	- 30.2	
64. Objects of art and antiques	8,604	+ 17.5	
65. Jewelry and costume jewelry	4,519	- 10.6	
66. Other manufactures, unspecified	2,501	- 4.0	
X. OTHER PRODUCTS, UNCLASSIFIED	**17,506**	**+ 14.0**	**1.89**
67. Special transactions, unclassified	11,443	+ 9.4	
68. Arms of war, including revolvers, pistols and ammunition	3,846	- 5.2	
69. Estimated value of imports in lots valued at under $251	951	+ 36.8	
TOTAL EXPORTS TO THE U.S.	**927,926**	+ 4.5%	

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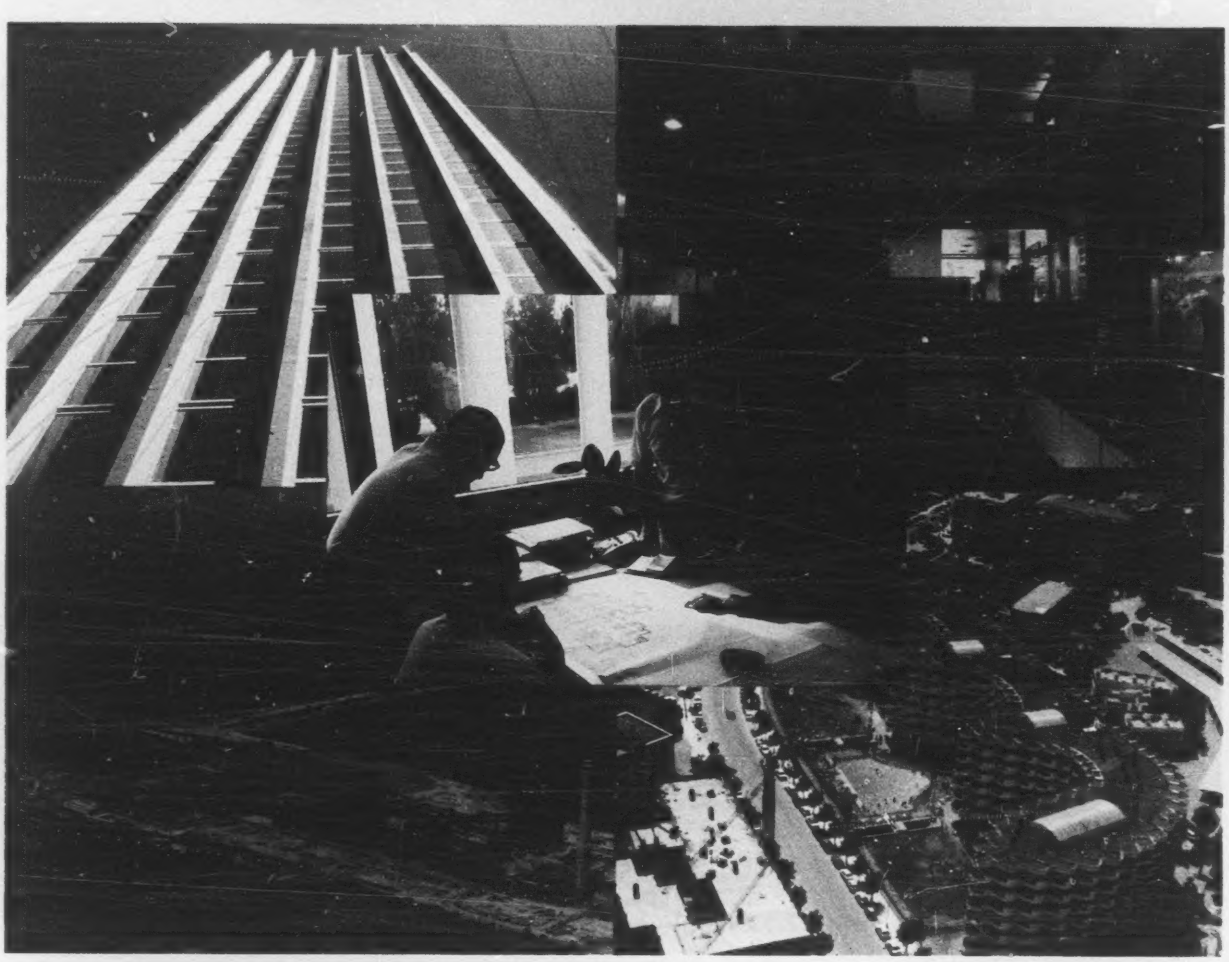

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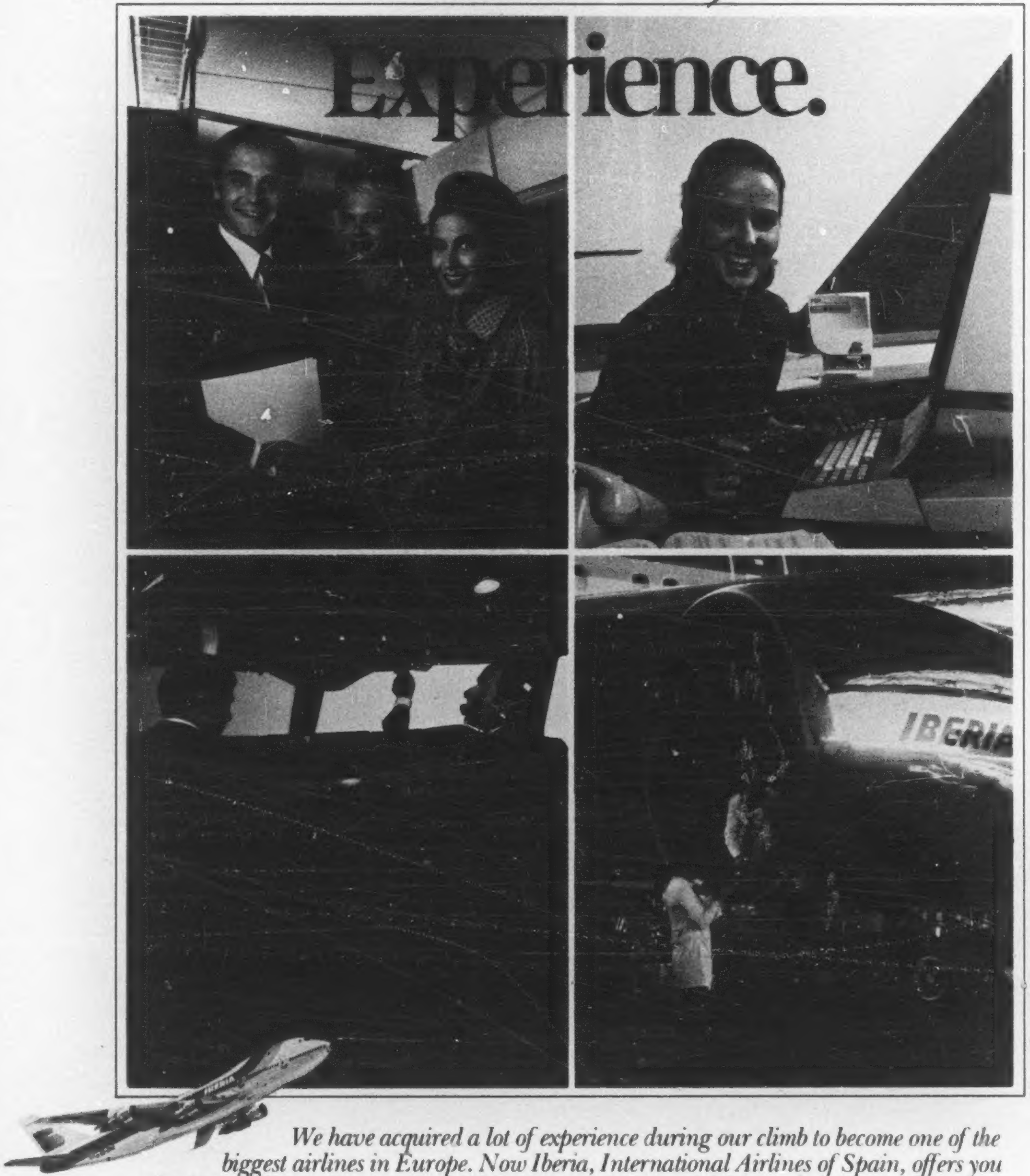

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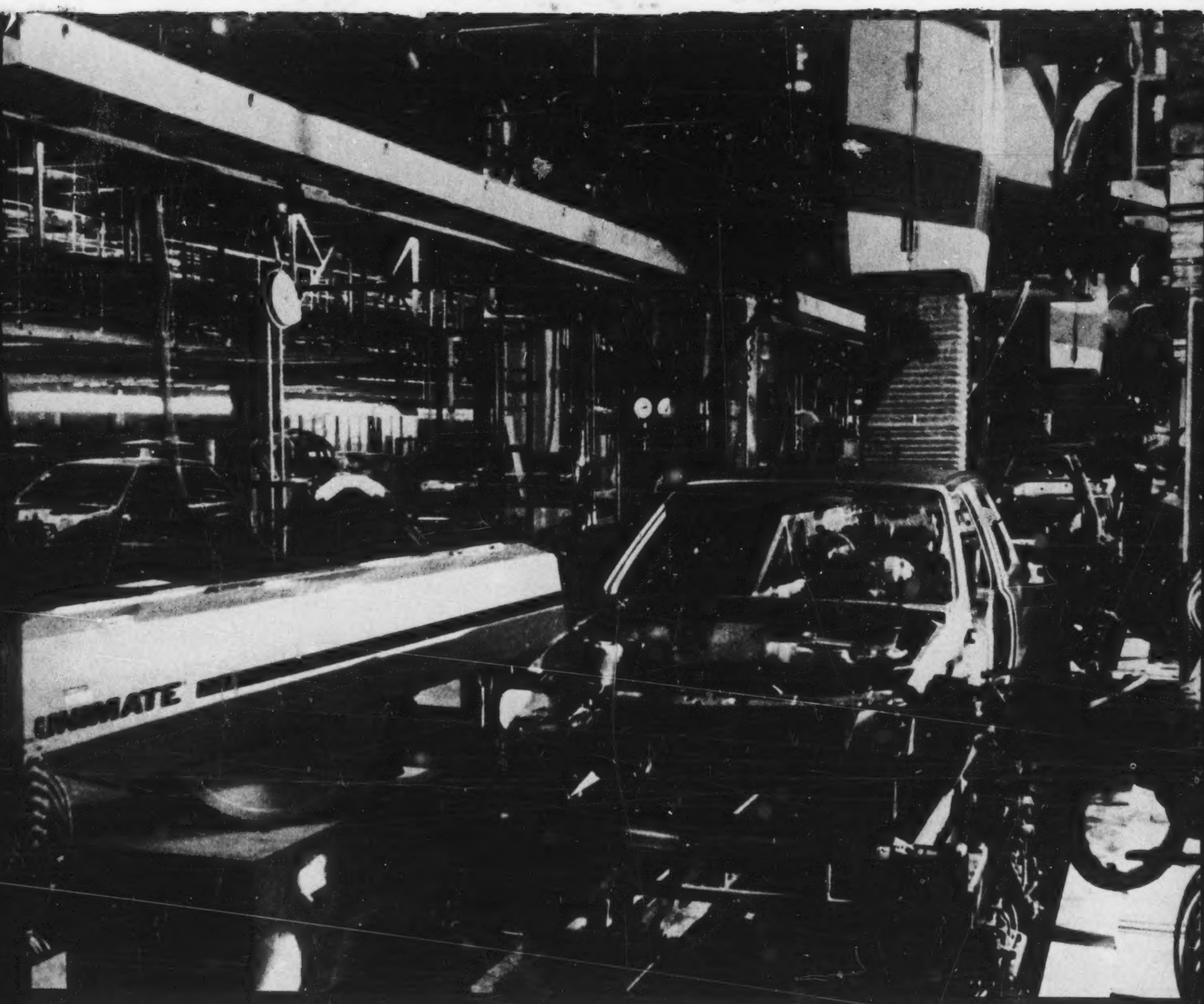

An Opel Corsa on the assembly line at General Motors' giant new Zaragoza factory. See "General Motors España – A New Automotive Era Begins," on page 2.

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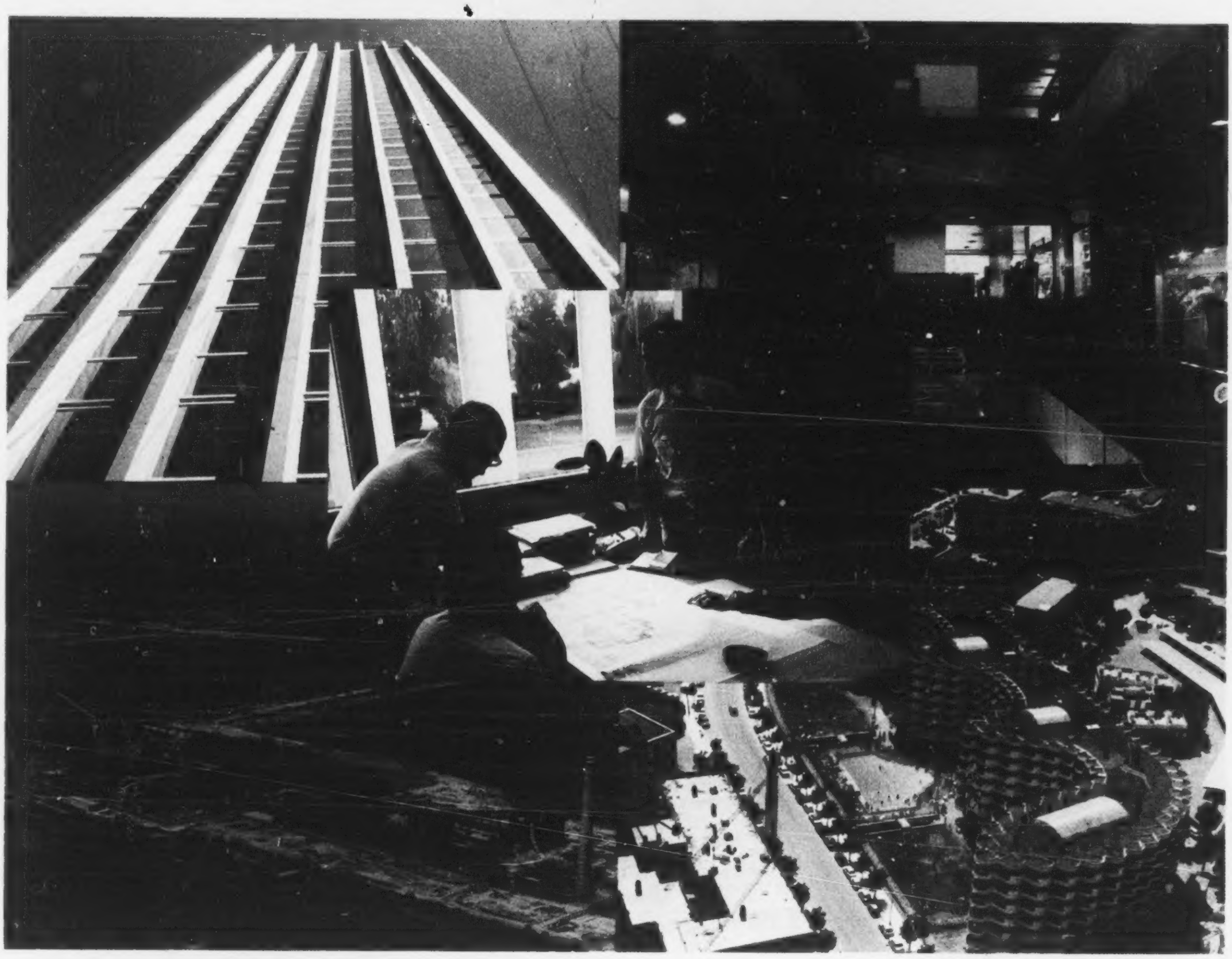

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NOVEMBER-DECEMBER, 1982 **No. 125**

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Roger B. Smith (right) with Chamber President Ricardo Jove and Spain's Ambassador to the U.S., Nuño Aguirre de Carcer.

By ROGER B. SMITH
Chairman and Chief Executive Officer
General Motors Corporation

General Motors España— A New Automotive Era Begins

"We are confident in Spain, its new government, its economy, and its future," Mr. Smith told a Chamber luncheon in his honor held on December 7th in the Grand Ballroom of the Plaza.

So General Motors has built a gargantuan plant at Zaragoza—a plant the size of 14 midtown Manhattan blocks—plus three others in Spain, to make the Opel Corsa, "the smallest and most fuel efficient gasoline-powered car ever offered by GM."

IT'S A GREAT PLEASURE to join you today and to tell you something about General Motors' new subsidiaries, GM España and GM Componentes, and our activities in Spain and Europe.

I think the turnout here is a good indication of the interest in the growing automobile business in Spain today. And from General Motors' point of view, it's not just auto making in Spain that's of interest. A whole new automotive **era** has begun for GM in Spain and in Europe.

We've been associated with Spain for over fifty years, dating back to 1925 when we first established our presence there, in a Málaga warehouse. Before World War II we even assembled several thousand trucks in Barcelona. But we took a giant step forward three years ago when we announced plans for a major European expansion — and chose Spain as the country for the largest part of the investment.

In announcing this expansion, we recognized that the European car market was large and growing, but we had some adjusting to do to take best advantage of it. Through our existing Opel product line-up, we knew we were well positioned in the middle and upper segments of the European auto market. But in the small-car segment, we were not represented. That handicap curbed our ability to compete in three major markets in Southern Europe — France, Italy, and Spain — where the small-car segment was strongest.

Small cars currently account for about 25 percent of total European new car sales. In Southern Europe the percentages go much higher. So we made a commitment back in 1979 to become a greater presence in the European market. We said we wanted to continue to be a leading company there, offering a full line of high quality, good value vehicles — vehicles designed to meet the varied and exacting needs of European car buyers.

To do this, we made plans to introduce a brand new subcompact, the Opel Corsa, and to expand our production capacity. New facilities to manufacture cars and produce automotive components were designated for Spain. New engine and transmission plants were slated for Austria. Additional components facilities were announced for Northern Ireland. Other capital expenditures were made in the German Federal Republic, France, Portugal, and England.

Total investment in the Corsa program amounted to over $2 billion. It was — and still is — the largest overseas expansion project ever announced at one time by GM.

And at the heart of it was Spain. It was there, in Cádiz and La Rioja, that major components would be made — and there, in Zaragoza, that the Opel Corsa would be produced in the world's most modern automobile assembly plant.

All those plans are now reality. The new plants

Chamber President Jove Welcomes Roger B. Smith

November 5th of this year was the day of the dedication of the new General Motors plant in Zaragoza. On that day, H.M. King Juan Carlos officially dedicated the plant and drove a symbolic first Opel Corsa off the Assembly line. A second Opel Corsa was driven off the line by the Chairman and Chief Executive Officer of General Motors Corporation. Short of bringing you the driver of the first Corsa, your Chamber has brought you the driver of the second Corsa, Mr. Roger B. Smith. We are honored to have him as our guest today to tell us something about General Motors' experience in Spain.

The Zaragoza plant is one of four that GM has opened in Spain recently. The magnitude of this investment, and with it the creation of so many badly needed jobs, represents a vote of confidence in the stability of Spain by one of the largest industrial corporations in the world. We shall hear the facts from a man who has spent his entire business career with General Motors.

Let me tell you briefly about Mr. Smith's background. He received a Master's Degree in Business Administration from the University of Michigan in 1949 and started work for General Motors the same year. He moved up through financial analysis to the position of Treasurer in 1970. In 1971 he was elected Vice President in charge of the Financial Staff and a member of the Administration Committee.

Having come up through the financial ranks, no doubt Mr. Smith will be able to tell us facts and figures well to the satisfaction of those of you who are bankers. But beware that he is also skilled in public relations.

In 1974 he became Executive Vice President in charge of the Financial, Public Relations, and Industry-Government Relations staffs. From 1975 to 1980 he was Vice Chairman of the Finance Committee; in 1978 he was given responsibility also for Consumer Relations and Service, Environmental Activities, Industrial Relations, Marketing, Personnel Administration and Development, and Materials Management staffs.

One of Mr. Smith's achievements of which he must be very proud is his conception of the General Motors Cancer Research Awards. These are awards given to scientists all over the world for accomplishments in research on the causes, prevention and treatment of cancer. He is vice chairman of the General Motors Cancer Research Foundation, which administers the awards.

In addition, he is on the Board of Trustees of the Automotive Safety Foundation. He is a Director of the Motor Vehicle Manufacturers Association. He is a member of the Businesss Council and of the Policy Committee of the Business Roundtable. He is Chairman of the Visiting Committee of the University of Michigan Graduate School of Business Administration. He is on the boards of several other schools and societies and belongs to several clubs.

Most of us have only a 24-hour day. Perhaps Mr. Smith would care to give us a few hints on how to manage our time.

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are in operation, and Opel introduced the Corsa, to great acclaim, at the Paris Auto Show on September 30th. One major European publication described the launch of the car as "the culmination of an expansion program which has changed the face of the European motor industry." The Corsa's introduction, it said, represented "a fundamental shift in the balance of power within the European industry."

In short, a new automotive era has begun for GM in Europe. And, from a strategic standpoint, it's only fitting that Spain has such a key role in it.

We expect demand for new cars will continue to grow in Europe. Our GM/Opel managers think the European new-car market will climb from the current sales rate of 10 million units to 11.5 million by 1985 and 13 million by 1990. And among all the European car markets, Spain is the fifth largest and offers the greatest potential for growth. Spain is also — or soon will be — the fourth largest **producer** of cars in Western Europe.

Like all Western nations, Spain has had its difficulties during the current international recession. And the automobile industry has been affected. But for the first time since 1977, there's been a slight recovery in the depressed Spanish auto market. From all we know right now, there'll be continued improvement in the year ahead. So as we see it at General Motors, we're in Spain with the right product at just the right time.

WHEN WE CHOSE SPAIN for our investment, we did so largely because the country offers optimum availability of good labor, land, utilities, transportation, communications, local suppliers, long-term profit potential, and increased marketing opportunities. That's a long list of advantages that any country would want to have.

Taking an even broader view, there are other things about Spain that inspire confidence and admiration. For one thing, there continues to be an awareness in Spain of the key industrial role the country will play in the future. Also, despite developing uncertainty, dedicated Spanish officials and business people continue their efforts to bring Spain into the Common Market. And there's an ongoing undercurrent of dedication and drive to make Spain one of the great industrial powers of Europe and the world.

So, for many reasons, we at General Motors are proud to be part of Spain and these developments. With a long lead-time product like automobiles, we have to take the long-range view in our industry. And our long-range view for Spain and Europe is one of confidence — backed by substantial investment.

Much has changed since we first announced our plans that put Spain at the heart of our European expansion. One thing that hasn't changed is our confidence. That remain's strong. We are confident in Spain, its new government, its economy, and its future.

So we were very pleased indeed just about a month ago today when we formally dedicated our new GM España facilities in Spain — our assembly plant in Zaragoza and a components plant at Logroño. In October, two other new GM plants were dedicated in the province of Cádiz. These two components plants are operated by our other Spanish subsidiary, GM Componentes.

(L to R) Chamber Vice President Wayne Fredericks, Honorary Chairman Ambassador John Davis Lodge, and President Ricardo Jove, and the guest of honor, Mr. Smith.

Our total investment in the four Spanish plants is about $1.8 billion, or slightly more than 200 billion pesetas. Altogether, these plants will employ about 11,000 people. And we expect they would create an additional 30,000 indirect jobs in the supplier industry and in our growing Spanish dealer network.

It was my pleasure to be at the new assembly plant in Zaragoza and to take part in the dedication ceremonies along with the King of Spain, Juan Carlos I.

"There's an ongoing undercurrent of dedication and drive to make Spain one of the great industrial powers of Europe and the world."

As I told the press when I was in Zaragoza, this has been a very exciting year for Spain. In the summer there was the World Cup; then there was the Spanish election, followed by the visit of the Pope. Now we at GM realize that the dedication of our Zaragoza assembly plant is not nearly as exciting as any of these other events. But in its own way, we think the plant is also important. So I'd like to tell you a little bit about it and how it fits into our overall strategy for Europe.

AS MANY of your know, Zaragoza is one of the oldest and most historic regions of Spain. By contrast, our assembly plant there is our newest, and the most modern in the world. Its degree of automation is better than the most modern Japanese plants.

For instance, the press shop at Zaragoza is so efficient it has only 18 lines versus the 21 you'd have with conventional technology in a plant its size. And the size, by the way, is considerable: The plant is over 4 million square feet, or more than 370,000 square meters.

Now if you put a plant that size right here in New York, it would encompass about fourteen midtown blocks. If you put it down right here at the Plaza, such a plant would stretch from 59th Street south to 52nd—in other words, from Central Park almost to Rockefeller Center—and from Fifth Avenue clear over to Seventh Avenue.

We have 740 acres of land at Zaragoza. That's equal to about 90 percent of Central Park, or a stretch of property from 59th Street south to 34th Street and from Fifth Avenue over to Eleventh Avenue—almost all the way to the Hudson River.

But, as I say, size is only one thing that distinguishes the Zaragoza plant. It is also noteworthy for

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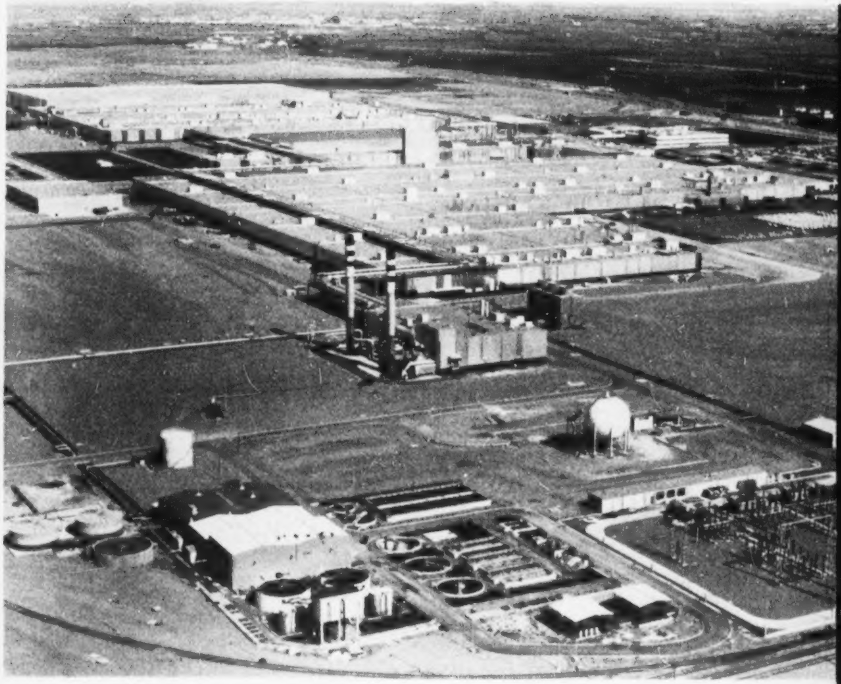
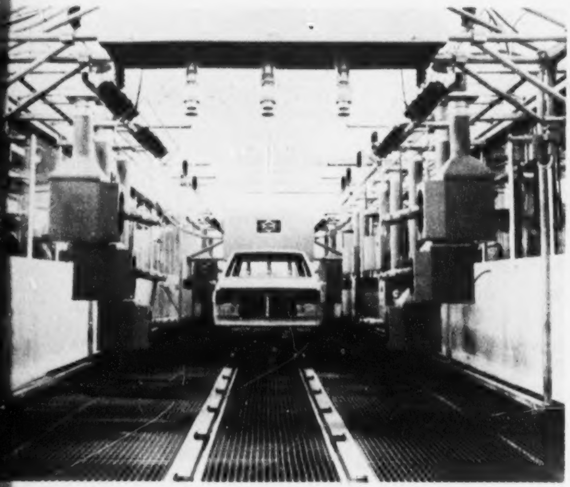
Right — The giant General Motors plant at Zaragoza.

Below — An Opel Corsa on the GM assembly line, in the paint shop of the Zaragoza plant.





GENERAL MOTORS ESPAÑA—A NEW AUTOMOTIVE ERA BEGINS

the very latest robotic concepts it incorporates, particularly in the paint shop and the welding operations. Altogether the plant uses nearly 150 robots, plus many other highly sophisticated handling devices. With so much advanced automotive technology, Zaragoza is an excellent example of how to do things right from the very beginning.

We're very proud of this new facility, and from what I saw at the dedication, I know that King Juan Carlos shares the enthusiasm of our fine Spanish workforce.

At full production the plant will produce 75 Opel Corsas an hour, or 270,000 units per year, with an obviously favorable effect on Spain's economic progress.

YOU WON'T be able to buy an Opel Corsa here in the United States, because our production is dedicated to supplying our European network. But we are selling the car currently in Spain, France, and Italy, and plan to introduce it in other European countries in subsequent months.

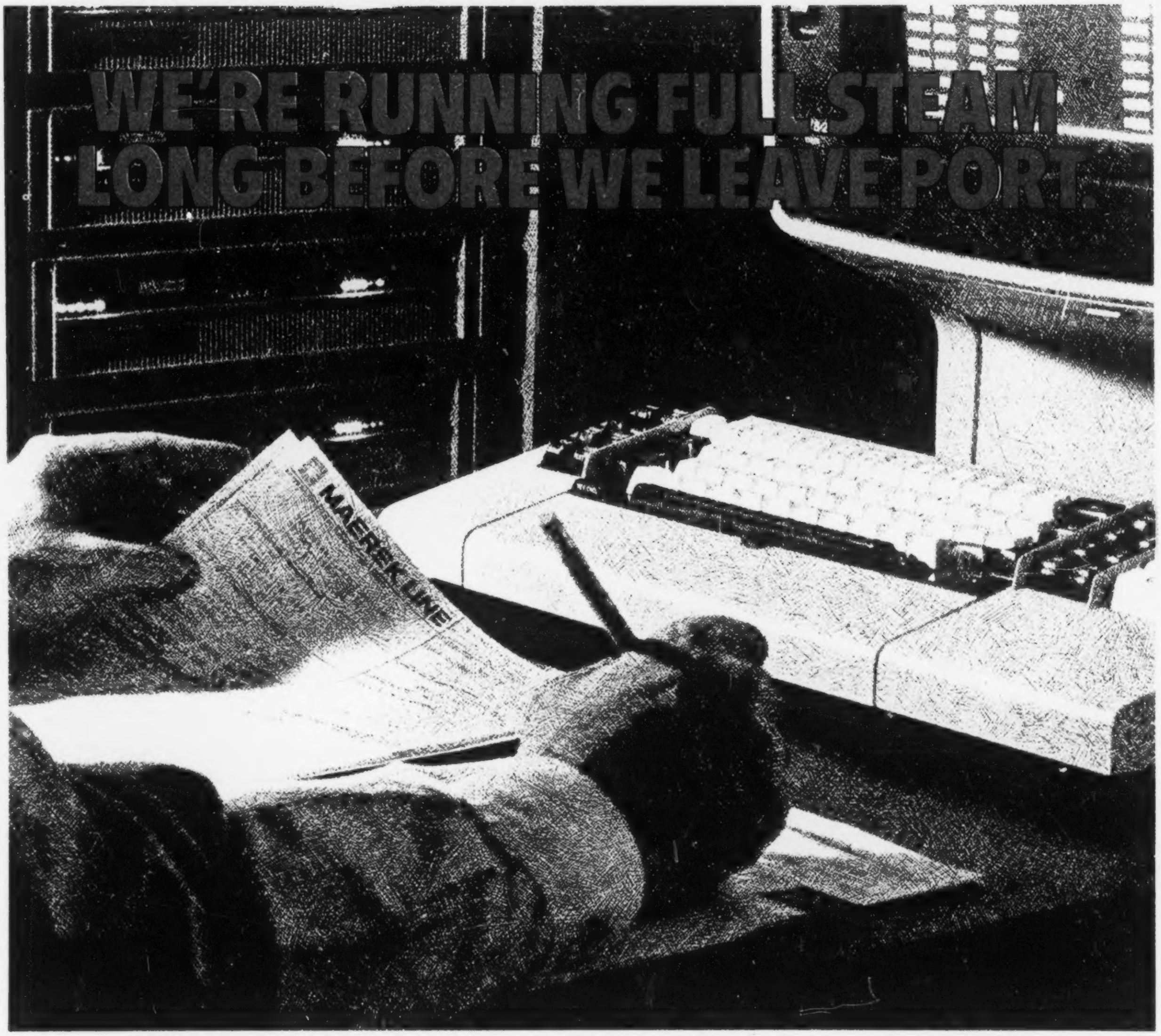
In the short time it's been on the market, the Corsa's been extremely well received by both the critics and the customers. Initial sales reports have been very encouraging, and we're very proud of the fact that the Corsa recently won the Golden Steering Wheel Award—one of the most coveted international prizes in the European auto industry. We're very heartened by these developments, and there's just no question that the Corsa has a lot to recommend it.

To begin with, it's the smallest and most fuel efficient gasoline-powered car ever offered by General Motors. Designed and engineered by our German subsidiary, Adam Opel AG, and manufactured and assembled by Spanish workers, the Corsa is a European car built by Europeans for Europeans. It scores very high in the areas of reliability, quality, and technical standards. And, as I've said, it's an all-new design, with front-wheel drive and a transverse-mounted engine. Despite its small size, the Corsa has exceptional space for passengers and cargo. It also has the best aerodynamics in its class, plus spirited performance and outstanding drive and handling characteristics.

So, for many reasons, we feel we're off to a good start in Spain; and in our new Opel Corsa we think we have a real winner.

OUR SIGNIFICANT investment to introduce a new subcompact, front-wheel-drive European car is right on schedule. And our European operations are now well positioned with a full line of products and complete facilities to move ahead rapidly during the next several years.

GM is in Europe to stay, as a European presence. There, as elsewhere, we're making cars where we sell them, contributing both to jobs and the local economies. And as a presence in Spain and other countries, our policy is always to operate as a responsible industrial organization of the country. That is, GM España and GM Componentes—like all our subsidiaries—operate as good corporate citizens. Within their competence, they contribute to the broad national goals of the country. GM recognizes that its subsidiaries are subject to a host country's laws, policies, and regulations, and all of them respect the customs, traditions, and cultures of the areas where they operate. This philosophy is the cornerstone upon which General Motors is building its business in Spain. GM is proud



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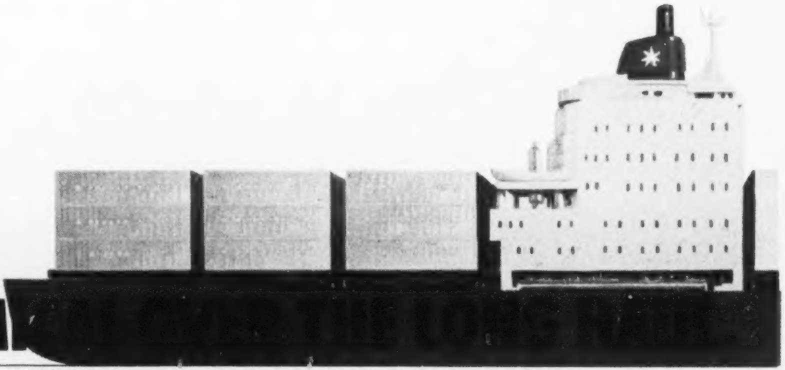

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of its achievements and looks forward to a future of mutually beneficial business relations with Spain, its industrial community, its employes, its customers, and all the Spanish people.

With Spain's eventual entry into the European Common Market, we would expect accelerated progress and heightened opportunities for everyone. Certainly some industries will have to make some adjustments. But in the long run, we believe that those industries will be stronger and more competitive because of EC membership. Full membership in the EC will be good for Spain, good for Europe, and good for the international business community.

We fully support and welcome such a move, and hope that negotiations to gain EC membership for Spain can proceed in a timely fashion and that all remaining problems can be resolved quickly and successfully.

It's been our experience that economic isolationism and protectionist trade policies at best can be only stop-gap measures. In the long run, they do not serve the long-term interests of a country, its people, or its industry. Trade flourishes best in a free and open atmosphere and where all the trading partners can compete fairly on an equal footing.

So in these and other areas, we look forward to working with the new Spanish government under the leadership of Prime Minister Felipe González. We are hopeful that the new government will pursue policies that promote industry.

Like the United States and the rest of Europe, Spain suffers from high unemployment. We at GM believe we have a significant contribution to make to Spain in the all-important area of providing new jobs.

In Spain and in Europe, a new automotive era has begun for General Motors. And by keeping our operations as competitive as possible, we believe we will reserve for ourselves a place at the head of the class in world competition. □

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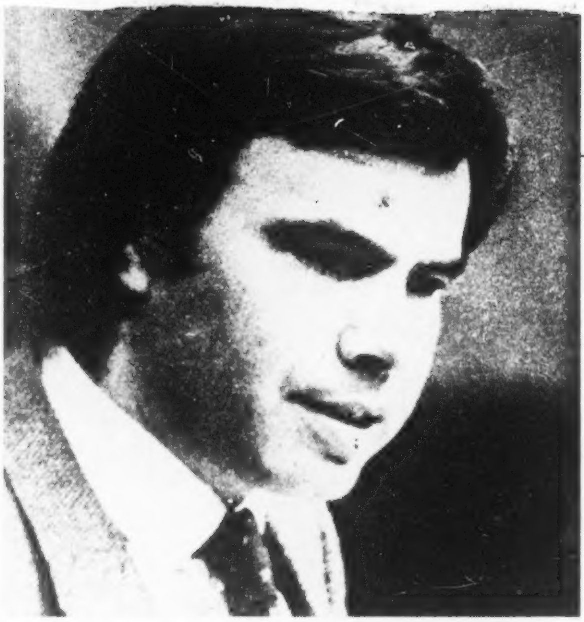
Spain's New Government

Prime Minister Felipe González and his Cabinet

The cabinet announced by Prime Minister Felipe González in December is distinctive for several reasons other than its political philosophy. It is young, with an average age of forty. It is the first in which economists outnumber lawyers. Several, including Solchago, Lluch, Barón, Solana and Boyer, have studied at prominent U.S. universities. And the majority have held university titles.

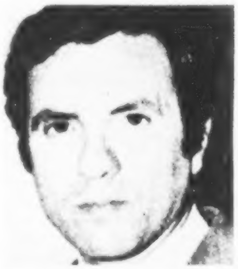


FELIPE GONZALEZ, Prime Minister. Born in Sevilla, March 5, 1942. Married, three children. Labor lawyer. Entered the Young Socialists in 1962 and the PSOE in 1964. In 1974, in the PSOE congress held in Suresnes, he was elected Secretary General. Deputy for Madrid in 1977 and 1979.

ALFONSO GUERRA, Vice President, 40; from Seville; married, one child. Graduate in Philosophy and Letters. Industrial engineer. PSOE Deputy in three legislatures. Vice Secretary of the PSOE.

FERNANDO MORAN, Foreign Affairs; 56, from Asturias, married, three children. Diplomat; professor in the Diplomatic School of Madrid. Former director general for Africa and the Middle East. Member of the Partido Socialista Popular.

NARCIS SERRA, Defense. 39, from Barcelona, married, no children. Economist. Member of the Secretariat of the Socialist Party of Cataluña. Mayor of Barcelona since the last municipal elections, 1979. Was counselor to the Ordenación del Territorio with Tarradellas.



JOSE BARRIONUEVO, Interior. 40, born in Berja (Almeria), married, three children. Lawyer, labor inspector. Second lieutenant to the Mayor of the Ayuntamiento de Madrid and responsible for Municipal Policy. Formerly an activist of the Convergencia Socialista.

MIGUEL BOYER, Economy, Finance and Commerce. 43, born in San Juan de Luz (France), married, two children. Graduate in physical sciences and economics. Deputy of the PSOE for Jaen in 1979. Entered the socialist party in his university days.

JOAQUIN ALMUNIA, Labor and Social Security. 34, married, from Bilbao. Graduate in law and economic sciences. Economist by profession. Deputy for Madrid, Secretary for Studies and Programs of the PSOE. Economic Consultant of UGT.

JAVIER MOSCOSO, Public Administration. 48, born in Logroño, married, three children. Treasurer. Worked under Fernández Ordoñez in the Ministry of Justice. Was Deputy of the UCD for Navarra in 1979.

CARLOS SOLCHAGA, Industry and Energy. 38, born in Tafalla (Navarra), married, two children. Graduate in economics, was economic counselor of the Basque General Council. Deputy for Navarra of the PSOE in 1979 and 1982.

JOSE MARIA MARAVALL, Education and Science. 40, from Madrid, married, two children. Sociologist and professor of Political Sciences and Sociology. Responsible for the Secretariat of Culture of the PSOE. Elected Secretary of *Formación* at the last congress of the party.

TOMAS DE LA CUADRA, Territorial Administration. 36, from Madrid, married, two children. Lawyer. Was with the office of Gregório Peces-Barba. On staff of García Enterrias in the formation of the autonomic pacts of July 1981.

JAVIER SOLANA, Culture. 40, from Madrid, married, two children. Doctor in physical sciences, university professor. Deputy for Madrid. Executive Secretary of the PSOE. Entered party in 1964. In 1970 was member of Provincial Committee of Madrid.

FERNANDO LEDESMA, Justice. 42, born in Toledo, married, four children. Judge, member of Justicia Democratica. Magistrate of the Court of Contencioso Administrativo de la Audiencia Nacional. Voting member, General Council of Judicial Power.

ERNEST LLUCH, Health. 45, born in Vilassar de Mar (Gerona), married. Graduate in economic sciences. Economist. Deputy of the PSOE in three legislatures. Founder of the Socialist Party of the *Pais Valenciana.*

JULIAN CAMPO, Public Works and urbanism. Married, two children. Economist, financial inspector. Now with Institute of Fiscal Studies of the Ministry of Finance. Entered the PSOE in 1974. Was financial counselor of the Spanish Embassy in Washington.

ENRIQUE BARON, Transport and Communications. 38, from Madrid, married, three children. Graduate in Law and Business Administration. Deputy of the PSOE in the three legislatures. Entered the party in 1977 from the Federation of Socialist Parties.

CARLOS ROMERO, Agriculture, Fishing and Nutrition. 41, born in Fuentesauco (Zamora), married, two children. Sociologist and economist. Subdirector General of Employment in the Ministry of Economy and Commerce. Was consultant of the FAO in Latin American problems.

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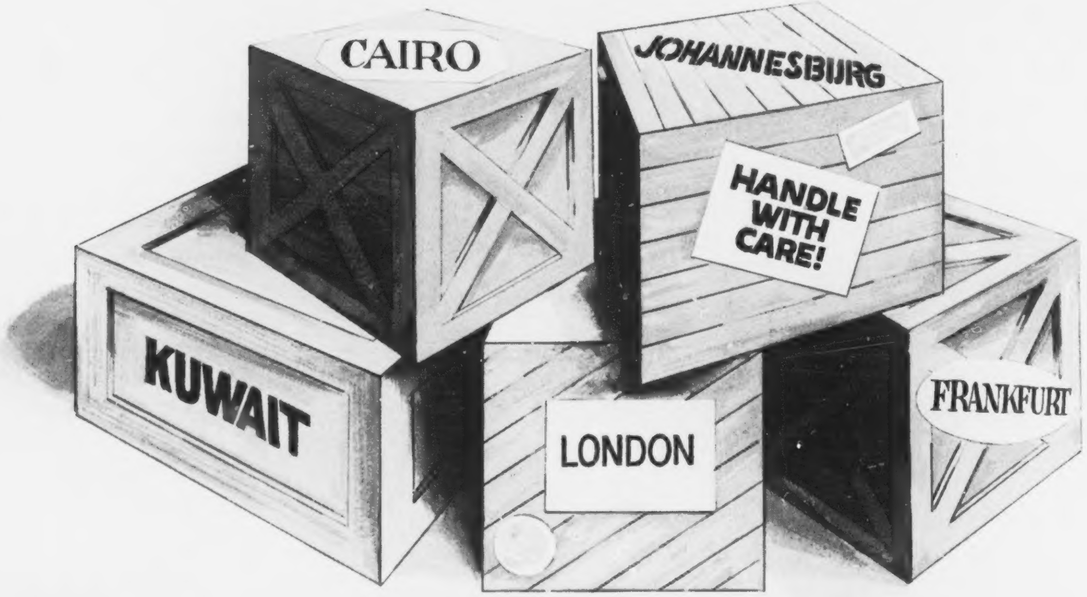

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By RAFAEL AGUILAR
Commercial Counselor of Spain in New York

Why Spain Needs Free Trade and Competition

"Spain needs to practice free trade, to be integrated into Europe, and to face harsh competition from the newly industrialized countries," Rafael Aguilar told a Roundtable Luncheon of the Spanish Institute on November 17th.

FOREIGN TRADE is of vital importance to the Spanish economy. The global amount generated by this activity in 1981 was $52.5 billion—more than $1,400 per capita. In the early '50s, when I first got involved in economic problems, the figure was only $33 per capita.

In Spain, we must maintain the flow of foreign trade in order to counterbalance other economic sectors which are showing very poor performances. For example, you all know that there is a weakness in private investment which has contributed to the increasing unemployment.

I must say that free international trade has had a great many enemies, especially in the last few years—and it still has them. As is well known, the economic crisis which started in 1974 gave rise in many countries to strong protectionist and isolationist tendencies.

It seems to me that it is in the best interest of Spain, as it is with all small countries, to be on the side of free trade—not for altruistic reasons but for selfish ones.

Let me briefly refer to three important factors that effect the basic framework of our economy, in order to put into better focus the Spanish foreign trade sector. These three points, I believe, are of a permanent nature and independent of the evolution of the present economic crisis and its solution in the short or long run.

First, Spain lacks the energy resources, the raw materials, the appropriate technology, and the capital to meet the needs of a sound economic activity and growth. What to do when faced with such a sad situation? Our country must: a) keep its market open to the rest of the world; and b) to produce more, in order to pay for its growing imports of goods, technology and capital.

Second, in the short or medium term (depending on one's degree of optimism), Spain will be a full member of the European Economic Community; and that means that she will enter into a huge and strongly integrated market of 300 million people.

And third: During the last few years there has been, throughout the world, an important reallocation of industrial activities and economic resources. This trend is now affecting, and will continue to affect, the nature and evolution of international trade. It is also, obviously, affecting and will affect the foreign trade of Spain—mainly because:

a) The newly industrialized countries are now competing with some of the traditional Spanish exports;

b) The multinational or transnational corporations are reshaping the general structure of entire industrial sectors which are very important for our country (automobiles, computers, electronics, aircraft, etc.); and

c) Some of Spain's traditional clients no longer want to buy certain manufactured goods. Instead they want to buy the technical know-how and to get the capital to set up their own factories. That is, for example, the case of the transportation equipment industry among the member countries of the Andean Pact in South America.

Thus it is important to take into account that international trade is no longer related only to the exchange of goods, but to that of technology and capital as well.

It has become clear that Spain needs the technology and the industrial capacity to compete. For this reason, the role of direct foreign investment in Spain has been of the utmost importance, and I hope it will continue to be so in the years to come.

In short, it is my opinion that the Spanish economy will not be able to grow within a framework for isolation and should, therefore, never fall into the temptation of protectionism. Spain needs to practice free trade, needs to be integrated into Europe, needs to face harsh competition from the newly industrialized countries, and needs to take part in the international reshaping of many industrial sectors. In certain cases, also, she must substitute the conventional export of goods for the export of goods plus technology plus capital.

AND NOW, if you will excuse me, I would like to give you some figures that will show you the magnitude and significance of Spanish foreign trade in general and the trade between our two countries in particular.

WHY SPAIN NEEDS FREE TRADE AND COMPETITION

In 1981:

Total Spanish imports	$32.3 billion
Total Spanish exports	20.4 billion
Deficit	$11.9 billion

This is not a brilliant result. Spain has paid for only 64% of her imports with exports.

Vis-a-vis the United States, the situation is even worse:

Spanish imports from the U.S.	$4.5 billion
Spanish exports to the U.S.	$1.4 billion
Deficit	$3.1 billion

In the trade with the United States, Spain has paid for only 30% of her imports with exports.

In 1981, Spain imported from the United States 13.88% of her total imports, while she exported to the U.S. only 6.76% of her total exports.

On the other hand, the United States exported to Spain 1.45% of its total exports, while its exports from Spain were only 0.61% of total imports.

As you can see, for the United States, Spain is a very small trading partner—while on the contrary the U.S. is a very important one for Spain. Our main client is the European Economic Community.

The most important items in the total Spanish exports for 1981 were:

	Millions of dollars	Millions of metric tons
1. Iron and steel products	1,538	4.5
2. Cars and trucks	1,420	-
3. Fresh fruits and vegetables	1,419	3.1
4. Refined oil	1,030	3.8
5. Shoes	600	-
6. Cement	527	9.4
7. Books and printed matter	400	-
8. Wines and brandies	393	-
9. Ships and boats	350	-
10. Chemicals and pharmaceuticals	340	-
11. Olive oil	311	-
	(8,328)	

Imports:

1. Crude oil	11,442	46.0
2. Chemicals and pharmaceuticals	1,154	1.3
3. Soya beans and oil seeds	918	3.0
4. Natural gas	687	3.3
5. Corn	757	5.0
6. Machines and equipment	548	-
7. Coal	546	7.0
8. Airplanes	463	-
9. Cars and trucks	414	-
10. Scrap iron	413	4.0
11. Plastics	334	-
	(17,866)	

Spain-U.S. Trade

And now let's return to Spain-U.S. trade. The most important factor was in 1981, and still is in 1982, the revaluation of the American dollar vis-a-vis the European currencies, and among them the peseta. The value of the peseta decreased by 36% in relation to the dollar during 1981, and from January 1982 to the present this value has decreased by 28% more.

As a result of these changes in the exchange rate:
a) Spanish imports from the U.S. show practically the same figure as in 1980 (an increase of only 0.5%).
b) Spanish exports to the U.S. grew by 24.5% in dollars. In pesetas the rise in our exports to this country has been spectacular—a rise of 60%.

Spain's exports to and imports from the U.S.

Classified by product, the main items on the list of U.S. exports to Spain in 1981 were:

	Millions of dollars
1. Corn	694.5
2. Soya beans	665.6
3. Coal	391.0
4. Computers	148.0
5. Airplanes	146.4
6. Leaf tobacco	116.6
7. Uranium-A (Unenriched)	64.6
8. Engines	61.1
9. Scrap iron	57.6
10. Petroleum coke	55.4
11. Excavation and extraction machinery and equipment	53.6
12. Sorghum	50.5

The main items in Spain's exports to this country in 1981 were:

	Millions of dollars
1. Shoes	210.1
2. Iron and steel products	204.2
3. Olives	69.9
4. Tires	42.8
5. Automobile parts	27.7
6. Zinc	23.5
7. Machine tools	21.4
8. Canned vegetables	17.3
9. Books	13.5
10. China and ceramics	12.3
11. Furniture	12.1
12. Brandies	11.8

During the first five months of 1982 there have been no substantial changes. Rather than give you the partial figures, it might be advisable to wait for the year end results, which will give us a better idea of where we are heading. □

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FROM 'IMPACT'

Growth of U.S. Wine Market Slows; Imports are Up But Spain's Shipments Down

There was bad news for Spain (as well as for U.S. wine makers) in the statistics issued by "Impact," a newsletter of the wine and spirits industry, on December 1st. Although imports from France, Italy and Germany increased, Spain's shipments of table wines decreased in volume by 3.6%.

As more of 1982 recedes into the past, the picture for the American wine market appears to be worsening. For the first nine months of 1982, total wine shipments were up a slight 1% over the same period last year to 364 million gallons. This represents a slowing of the market's 2.8% increase for the first six months of the year, and more significantly a slowing of the 5 to 6% annual compound growth rate of the wine market for the past six years. Domestic wines are clearly being outpaced by imports. For the first nine months, while California shipments were nearly flat, with a 0.5% gain, and all other states' shipments declined by 15.2%, imported wines had an 8.5% increase and held an unprecedented 23.6% share of the total wine market. Table wine, the fastest growing segment of the total wine market, increased 2.9% for the first nine months to 287.5 million gallons. At this time, it appears unlikely that table wine will come anywhere near its 7.6% increase for calendar 1981. Sparkling wine, which had been showing impressive gains, suddenly appears to be flattening off, with a gain of only 0.1% to 20.8 million for the first nine months. All

WINE ENTERING U.S. DISTRIBUTION CHANNELS BY TYPE
(millions of gallons — rounded)

Type	1970	1975	1980	1981	Nine Months 1981	Nine Months 1982	Percent Change[1]
Table	133	214	361.6	389.1	279.4	287.5	2.9%
Dessert	74	67	44.9	41.5	29.8	28.0	−6.0
Vermouth	10	10	8.7	8.0	5.9	5.5	−7.5
Sparkling	22	20	30.1	34.0	20.7	20.8	0.1
Special Natural	28	57	32.4	31.5	24.1	21.8	−9.5
Total Wine*	267	368	478.2	504.7	360.3	364.0	1.0%

WINE ENTERING DISTRIBUTION CHANNELS BY ORIGIN
(millions of gallons (rounded)

Origin	1970	1975	1980	1981	Nine Months 1981	Nine Months 1982	Percent Change[1]
California	195	274	331.7	348.4	251.5	252.9	0.5%
Other States	42	45	44.4	42.1	29.6	25.1	−15.2
U.S.	237	319	376.1	390.5	281.1	278.0	−1.1
Imports	30	49	102.1	114.2	79.2	86.0	8.5
Total Wine	267	368	478.2	504.7	360.3	364.0	1.0%

* Includes other imported

[1] Based on unrounded numbers

Source: IMPACT DATABANK

other wine segments were down for the first nine months, with dessert wine down 6%, vermouth down 7.5%, and special natural wine down 9.5%.

Despite the slowing of table wine's gallonage growth for the first nine months of 1982, it increased its share of the total wine market by 1.4 share points to 79%. Dessert wine shipments, at 28 million gallons, accounted for 7.7% of the total market, and were followed by special natural, with 21.8 million gallons and a 6% market share, sparkling wine with 20.8 million gallons and a 5.7% share, and vermouth with 5.5 million gallons and a 1.5% market share.

Total shipments of wine produced in the United States were down 1.1% for the first nine months of 1982 to 278.0 million gallons. This performance resulted in a loss of 1.6 share points to 76.4% of the total wine market. The decline was caused by the 15.2% decrease in the "other states" category, which had shipments of 25.1 million gallons for the period and lost 1.3 share points to only 6.9% of the market. California shipments slowed during the period, showing a slight gain of 0.5% to 252.9 million gallons, but a slight 0.3 share point loss to 69.5% of the total American wine market.

The imported wine segment of the market was the only one which showed any strength for the first nine months, with a gain of 8.5% to 86.0 million gallons. Imports increased their share of the total market by 1.6 share points to 23.6% for the period.

With table wine representing 79% of the total wine market, it would follow that imports outperformed all other segments of the table wine market as well. While the table wine market as a whole was up 2.9% to 287.5 million gallons, imports scored an 8.9% increase to 77.0 million gallons and gained 1.5 share points to hold 26.8% of the total table wine market.

Shipments of U.S.-produced table wine were up a slight 0.9% for the first nine months to 210.5 million gallons, solely on the growth of California table wine shipments, as other states' table wines were down 23.3% to 9.9 million gallons. Even California's 2.5% increase to 200.6 million gallons, however, could not offset the share gains of imports, and California table wines lost 0.3 share points to a 69.8% share of the total table wine market. Other states lost 1.2 share points to hold only 3.4% of the table wine market.

Imports by Country of Origin

An examination of table wine imports by country of origin shows Italy up 8.4% to 45.1 million gallons for

TABLE WINE ENTERING U.S. DISTRIBUTION CHANNELS BY ORIGIN
(millions of gallons — rounded)

Origin	1970	1975	1980	1981	Nine Months 1981	Nine Months 1982	Percent Change[1]
California	95	152	248.6	268.6	195.8	200.6	2.5%
Other States	17	22	21.9	19.7	12.9	9.9	−23.3
United States	112	174	270.5	288.3	208.7	210.5	0.9
Imports	21	40	91.1	100.8	70.7	77.0	8.9
Total	133	213	361.6	389.1	279.4	287.5	2.9%

SHARE OF MARKET TREND
TABLE WINE ENTERING U.S. DISTRIBUTION CHANNELS BY ORIGIN

Origin	1970	1975	1980	1981	Nine Months 1981	Nine Months 1982	Share Point Change
California	71%	72%	68.7%	69.0%	70.1%	69.8%	−0.3
Other States	13	10	6.1	5.1	4.6	3.4	−1.2
United States	84	82	74.8	74.1	74.7	73.2	−1.5
Imports	16	18	25.2	25.9	25.3	26.8	1.5
Total	100%	100%	100.0%	100.0%	100.0%	100.0%	—

[1] Based on unrounded numbers.

Source: IMPACT DATABANK

the first nine months. France outpaced Italy for the period, with a 20.1% gain on the strength of its non-A.O.C. wine brands to 12.7 million gallons. France was the only country among the five major table wine import countries to show a share gain, with its 1.6 share point gain to 16.5% of the imported table wine market. Despite its volume gain, even Italy lost 0.3 share points, with a 58.6% share of the market.

Shipments of German table wine to the U.S. were up 5.8% to 9.6 million gallons for the first nine months; its share, however, was down to 12.4% of the total imported table wine market. Portugal and Spain were both down for the period. Shipments of Portuguese wines were down 2.5% to 3.8 million gallons, and held 4.9% of the market, while Spanish table wine shipments were down 3.6% to 2.9 million gallons and held a 3.7% market share.

Shipments of table wine from other countries were up 13.9% to 3 million gallons for the first nine months of this year and represented 3.9% of the total imported table wine market, showing an increasing willingness on the part of the American consumer to sample wines from less well known wine producing areas.

In summary, the data reported herein appears to show a significant slowing of wine market growth in 1982, which is in large part due to the difficult economy. The only bright spot, the growth of imports, will likely continue to offer challenges to U.S. vintners, as long as the dollar remains strong against foreign currencies, thereby allowing imported wine marketers a pricing edge over domestic wine marketers. □

IMPORTS OF TABLE WINE INTO U.S. BY COUNTRY OF ORIGIN

(millions of gallons)

Origin	1970	1975	1980	1981	Nine Months 1981	Nine Months 1982	Percent Change[1]
Italy	3.8	11.9	54.3	59.9	41.6	45.1	8.4%
France	6.7	7.4	11.4	15.1	10.6	12.7	20.1
Germany	2.8	6.1	11.7	13.0	9.0	9.6	5.8
Portugal	3.9	6.7	5.7	5.4	3.9	3.8	−2.5
Spain[2]	2.1	5.8	4.8	4.0	3.0	2.9	−3.6
Other	1.2	1.9	3.2	3.4	2.6	3.0	13.9
Total	20.5	39.8	91.1	100.8	70.7	77.0	8.9%

[1] Based on unrounded data

[2] Includes Sangria

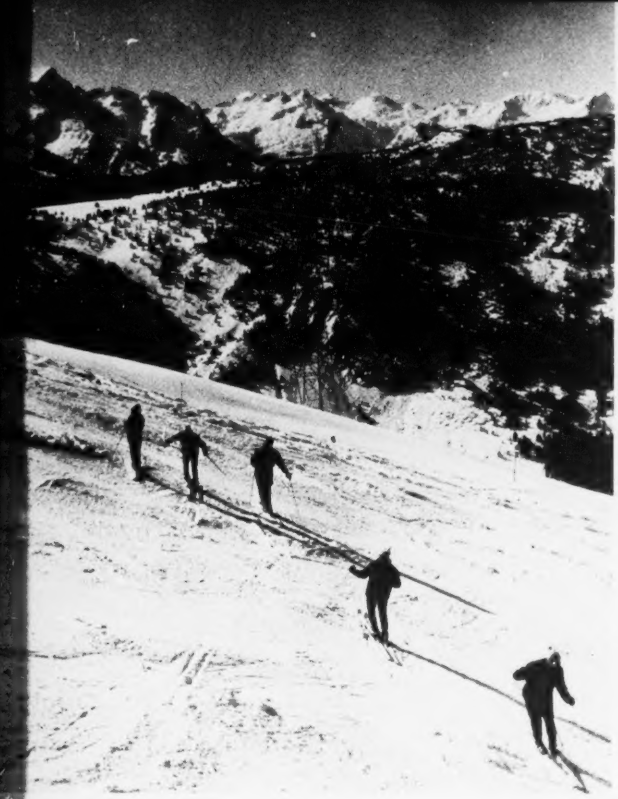
Source: IMPACT DATABANK

SHARE OF MARKET TREND
IMPORTS OF TABLE WINE INTO U.S. BY COUNTRY OF ORIGIN

Origin	1970	1975	1980	1981	Nine Months 1981	Nine Months 1982	Share Point Change
Italy	18.4%	29.8%	59.6%	59.4%	58.9%	58.6%	−0.3
France	32.6	18.6	12.5	14.9	14.9	16.5	1.6
Germany	13.5	15.3	12.8	12.9	12.8	12.4	−0.4
Portugal	19.0	16.9	6.2	5.3	5.5	4.9	−0.6
Spain	10.2	14.7	5.3	4.0	4.2	3.7	−0.5
Other	6.3	4.7	3.6	3.5	3.7	3.9	0.2
Total[1]	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	—

[1]. Addition of columns may not agree because of rounding.

Source: IMPACT DATABANK



FROM THE SPANISH NATIONAL TOURIST OFFICE

Spain: A Unique Winter Playground

Contrary to the misconception of many Americans, Spain is not all flat and dry—it's also the second most mountainous country in Europe and a unique winter playground. You can ski all morning on uncrowded ski slopes and play golf or tennis the same afternoon.

By CHARLES OCHELTREE

WHAT should be an easy downhill slide has been more of an uphill climb when it comes to convincing people that Spain is also a ski destination. The whole idea just goes against what so many perceive Spain to be: Flat and dry, and simply not endowed by nature to be a ski heaven. A beach haven, yes—but not a ski heaven.

Despite any snow job that a well-meaning travel agent or well travelled friend may give you, rest assured that Spain is indeed a ski destination. In fact, it may even be Europe's most unique winter playground.

Where else could you amble through a museum like Madrid's Prado in the morning and be on the slopes skiing that same afternoon? Or, how about an exhilirating warm-up on a cross-country run in the Sierra Nevadas, followed by 18 holes of golf on a palm-lined course of the Costa del Sol? Unbelievable? Maybe. But true nonetheless.

Spain is Europe's second most mountainous country, with an average elevation inferior only to that of Switzerland. The continent's highest road knifes through the Sierra Nevadas, the dramatic range that is the backdrop for Granada. Less than an hour from Madrid are the rugged Guadarrama Mountains. And the sunny side of the Pyrenees, the natural barrier which divides the Iberian Peninsula from the rest of Europe, is within easy driving distance from cosmpolitan Barcelona.

Spain's ski industry was only in its fledgling stages back in 1972 when Francisco Ochoa walked away with the gold medal in giant slalom at the Winter Olympics in Sapporo, Japan. What followed was a rash of development and building on Spanish slopes in response to the sport's newfound popularity, which was sparked by Ochoa's success.

Now, ten years later, Spain can boast of any number of top quality resorts suited for the expert as well as the beginning skier.

Still, the industry does suffer from several key problems, particularly in the United States: A lack of identity and image, and an almost total lack of readily available prepacked ski tour programs.

Where does that leave the American skier who is looking for new challenges and a change of pace from the Rockies, the Alps, and other well known ski areas?

Actually, it leaves him in an ideal position. Since Spain's ski areas are close by major cities and easily accessible—especially those in the Sierra Nevadas, the Guadarramas, and parts of the Pyrenees—the bulk of their traffic is local and confined to weekend skiers. This means that the slopes are far less crowded than in other European ski resort areas. Usually there is little waiting in line at the lifts and gondolas during the week. Less waiting means more actual skiing time.

In addition, there is far greater availability of accommodations at Spanish ski resorts. Because of that local traffic, hotels have had a lower occupancy rate in recent years than the more isolated but more famous resorts elsewhere. Add to that the fact that Spain's prices are lower than those in much of the rest of Europe, and you have wide open possibilities for a ski vacation.

More Daylight Hours

Another important asset is the fact that Spain has more daylight hours, due to its geographical location—it is Europe's southernmost country. It is not unusual to be able to ski until six o'clock in the evening during the season that can extend from December to May or even June in some cases.

But what is probably the most convincing argument for a winter vacation in Spain is the fact that, because of the proximity of cities and major tourist centers to the ski areas, you are not as confined as you are in the less accessible resorts of the Rockies and the Alps. Ski to your heart's content. And when you want a little break in the action, with a short drive down from the mountains you can add an extra dimension of golf, tennis or sightseeing to the traditional concept of a ski-only winter trip.

Booking Your Ski Vacation

Booking a Spanish ski vacation is not as difficult as it may seem. While there is only one pre-packaged program sold as such here in the United States, any travel agent can create an individually designed FIT ("Fully Independent Tour") to a Spanish ski resort through a major tour operator who deals in Spain. You will find that such a FIT will be no more expensive than most of the pre-packaged ski programs to other resorts.

As a rule, a FIT program will include a self-drive car, hotel or apartment accommodations, and, if you want, a meal plan: Lift tickets are easily purchased on site, by the day, week, or even longer. When budgeting, figure something on the order of $10 per day or $50 per week for lift tickets.

Through the Spanish National Tourist Office you can get a copy of the brochure entitled "Winter Sports in Spain," which outlines the ski resorts' facilities, types of runs, elevations, vertical drop, and other pertinent details. In addition, the Tourist Office can provide information about hotels and tour operators who can arrange FIT programs. ☐

Skiing in Spain:
Opposite page — At Baqueira-Beret, in the Pyrenees.
Top photo, this page — At Salardu, in the Valley of Aran (Lerida), also in the Pyrenees.
Above — In the Sierra Nevadas of Granada, a short drive from the Mediterranean.
Left — At Navacerrada, in the province of Madrid.

COURTESY OF IBERIA INTERNATIONAL AIRLINES

TURRON
The Spanish Christmas Treat and National Heritage

For at least five centuries turrón has been a delicious Christmas treat in Spain, and now it is exported to five continents. It used to take two full days and a lot of hard work to make. Now the hard work is done by machine, and some of the magic has gone out of the process. But the question remains, why is this Spanish specialty limited to the Christmas season?

By ANTHONY LUKE and VICTORIA GUILLAMON

TOWARDS the end of the last century, an Australian lady caught sight of a funny looking individual who was lounging around some packing cases on the docks at Sydney. A closer inspection revealed that the man was intent on selling some sort of food. Entranced by the comical grimaces the man was making—he was obviously a foreigner and spoke no English—she bought a box. Inside was a delicious sweetmeat made of a combination of almonds, honey and sugar. She learned later that it was called "turrón" and that the man was a slightly disoriented Jijonenco [a native of Jijona, in Alicante] who had slipped aboard a clipper in Barcelona in the hope that it would take him to the Balearic isles.

Eighty years later, the descendants of this Jijonenco and a few hundred of his fellow villagers are still making and exporting—albeit with a greater knowledge of geography—the 15 million tons that the world, as far away as Japan and Guam, consume each year.

Various historians attribute turrón to the Arabs. Others to the Carthagenians. Both theories are feasible. Being only a few miles from the coast and subject to numerous invasions, Jijona was one of the first coastal towns to be seized by invaders, and any one of these might have brought turrón with them.

Whatever the beginnings of turrón, historical documents trace it back at least to the year 1500, when Friar Bendicho, a chronicler of Alicante city, describes it in one of his diaries preserved in the city's archives. Later such geniuses as Tirso de Molina mention it in their literary works. In the times of Philip III, turrón, by royal decree, was handed out to court personages as a sort of regal Christmas box. "He won't eat turrón this Christmas" still means, in coloquial language, that this or that politician won't last through his term of office.

Something that puzzles many foreigners who visit Spain is that the sweetmeat is limited to the Christmas festivities. This time history's answer is a little less vague. In 1650 turrón sales were booming. Foreign merchants were taking a lively interest in the sweetmeat, and turrón makers received almost special privileges from the reigning monarch. Spain's cake makers, also known for their succulent wares, felt threatened. The powerful pastry makers' guilds of Sevilla and Valencia conspired to curtail the competition. In what is probably one of Spain's longest lawsuits, cake and turrón makers battled for twenty years over the right to make turrón. Turrón makers, the cake makers argued, should be subject to the same culinary exam as they were. The turrón makers retorted that they made only turrón and didn't need the same specialized training. A compromise was reached, and in 1685 it was decreed that turrón could only be sold 15 days before and after the Christmas festivities. And law became tradition. Although some shops sell turrón all year, few people eat it other than at Christmas time.

From what the historian Friar Bendicho has told us, we know today that turrón has hardly changed in its making. Then as now the two main types of turrón are made—the hard, white type called Alicante and the soft type called Jijona, named after the town itself, made of crushed almonds.

Autumn is by tradition turrón making time, and manufacturers still prefer to make the bulk of the sweetmeat then, as the freshly collected nuts make for a better turrón and cooler weather facilitates storage. From September through December, shifts on the production lines are doubled, even tripled, in those factories which work around the clock.

Not so long ago the complicated process of making turrón took a couple of days of hard work from start to finish, all done by hand, or at best by primitive machinery moved by harnessed mules. Today all the magic has been taken out of the process by the almost futuristic machinery which prepares a slab of turrón, from almond to vaccum-closed packages ready for shipping, just three hours after the first ingredients went into the mixing pot.

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CURRENT LEGISLATION IN SPAIN

A SUMMARY OF LEGISLATION PUBLISHED BETWEEN SEPTEMBER 3rd AND NOVEMBER 13th, 1982

NOTE: O.S.G. = Official State Gazette

ADMINISTRATION

1. Autonomous Communities - Catalonian - Decree of July 13, 1982 approving the refunding text of 1982 General Budgetary Law to the Generalitat and its Agencies (OSG Sept. 8, 1982).

2. Autonomous Communities - Cantabria - Resolution of June 7, 1982 of the Regional Assembly of Cantabria ordering the publication of its Parliamentary law in the Official State Gazette (Regulations). (OSG Sept. 8, 1982).

3. Office of the Head of State. Royal Decree 15/82 of Sept. 3, 1982 on urgent budgetary measures on Defense and Social Security (OSG Sept. 10, 1982).

4. Ministry of Finance. Order of Sept. 2, 1982, regulating administrative intervention in insurance companies (OSG Sept. 10, 1982).

5. Ministry of Health and Consumption. Royal Decree 2230/82 of July 30, 1982, on clinical autopsies (OSG Sept. 11, 1982).

6. Presidency of the Government. Royal Decree 2267/82 of Sept. 9, 1982, technically specifying the colors of the shield (coat of arms) of Spain (OSG Sept. 15, 1982).

7. Ministry of Culture. Order of Aug. 19, 1982, regulating the exportation of living artists' works of art (OSG Sept. 18, 1982).

8. Presidency of the Government. Royal Decree 2355/82 modifying articles 147 and 272 of Traffic Regulations (OSG Sept. 23, 1982).

9. Ministry of Health and Consumption. Order of Nov. 17, 1982, developing Royal Decree 2730/81 of Oct. 19, 1981, on registry of advertising pharmaceutical products (OSG Sept. 29, 1982).

10. Office of the Head of State. Royal Decree-Law 18/82 of Sept. 24, 1982 on guarantee fund of deposits in savings institutions (OSG Oct. 1, 1982). This Royal Decree-Law endows legal personality to the Fund as in Royal Decree-Law 4/80 of March 28, 1982 was done with the Banking Deposit Guarantee Fund.

The purpose of the Fund is to guarantee deposits, in some form and amount, as is established by the Government, as well as to implement all such activities as be deemed necessary to reinforce the solvency of the mentioned institutions.

The capital of the Fund shall be drawn from annual contributions to be made by Cajas de Ahorro and Savings Cooperatives of one per thousand of their deposits plus an annual contribution from the Bank of Spain equal to the aggregate of the contribution of the Cajas and cooperatives.

The fund will be governed and administered by a Management Committee made up of four representatives of the Bank of Spain and four of the Savings Cooperatives, appointed by the Ministry of Economy. One of the four representatives of the Bank of Spain will be the Chairman.

The Royal Decree-Law also establishes a special system of receivers appointed in the event of suspension of payments of bankruptcy of Banks, Savings Cooperatives and Cajas de Ahorro.

11. Presidency of the Government. Royal Decree 2513/82 of July 24, 1982, developing Law 40/81 of Oct. 28, 1981, on local corporations (OSG Oct. 7, 1982).

Providing a specific regulation on administrative procedure and economic and finance relations.

12. Ministry of Education and Science. Order of Oct. 6, 1982, modifying the order of May 26, 1976 regulating the admission to the University of foreign students with convalidated studies abroad (OSG Oct. 9, 1982).

13. Ministry of Economy and Commerce. Royal Decree 2576/82 of Oct. 1, 1982, developing Royal Decree 18/82 of Sept. 24, 1982 on Savings Cooperatives, Guarantee Fund of Deposits (OSG Oct. 15, 1982).

This Royal Decree provides the functions of the Management Committee and establishes a maximum amount of pesetas 1,500,000 as guarantee in favor of each depository in the event of suspension of payments and bankruptcy.

It is also established that the Board of Directors may be compelled to adopt necessary economical measures if losses are important and the normal situation of the institution is damaged.

14. Ministry of Economy and Commerce. Royal Decree 2575/82 of Oct. 1, 1982 developing Royal Decree 18/82 of Sept. 24 on Savings Banks Guarantee Fund (OSG Oct. 15, 1982).

This Royal Decree provides similar regulation to Royal Decree 2576/82 (see no. 13 above).

15. Ministry of Interior. Royal Decree 2816/82 of Aug. 27, 1982 approving regulation of Police Spectacles and Recreational Activities (OSG Nov. 6, 1982).

This regulation is applicable to the activities listed in Annex 1 of the Royal Decree; it provides the requirements which must be fulfilled by buildings and public establishments on building, security services, etc.

16. Ministry of Transportation, Tourism and Communications. Royal Decree 2876/82 of Oct. 15, 1982 regulating the registry and utilization of ultra-lightly structured airplanes (OSG Nov. 9, 1982).

17. Ministry of Finance. Order of Oct. 22, 1982 regulating the technical documents required for operation in insurance fields other than life insurance (OSG Nov. 13, 1982).

18. Ministry of Transportation, Tourism and Communications. Royal Decree 2877/82 of Oct. 15, 1982 on touristic dwellings and apartments (OSG Nov. 9, 1982).

GENERAL

1. Office of the Head of State. Royal Law Decree 14/82 of Sept. 3, 1982, granting an extraordinary credit of 5,197,300,500 pesetas to cover the costs of the 1982 General Election (OSG Sept. 10, 1982).

2. Provincial Electoral Boards. Presentation of Candidatures for the elections for the Congress of Deputies and Senate, held according to Royal Decree 205/82 of Aug. 27, 1982 (OSG Sept. 22, 1982).

3. Ministry of Justice. Royal Decree 2680/82 of Oct. 15, 1982, on notarial acts in determination of balances in credit accounts (OSG Oct. 28, 1982).

Notary Publics are authorized, as stockbrokers and Corredores de Comercio were previously, to determine the final balance of a loan banking account, if established in the respective loan agreement, in order to provide the net amount owed by the borrower.

INTERNATIONAL

1. Office of the Head of State. Instrument of Ratification of July 24, 1982 of the European Convention of Criminal Judiciary Assistance, executed in Strasbourg on April 20, 1959 (OSG Sept. 17, 1982).

To establish the assistance, in criminal procedures between the courts of European countries, in the transmission of documents of testimony and information.

2. Ministry of Foreign Affairs. International convention of June 23, 1969 on Audit of Ships, executed in London (OSG Sept. 15, 1982).

3. Ministry of Foreign Affairs. Incorporation to the International Organization of Work of June 28, 1919 (OSG Sept. 21, 1982).

4. Ministry of Foreign Affairs. Agreement of Aug. 25, 1982, Complementary of Basic Agreement, signed between the Governments of Spain and the Federative Republic of Brazil, on the engineering of irrigation (OSG Sept. 20, 1982).

5. Ministry of Foreign Affairs. Agreement of March 7, 1980 on cultural, educational and scientific cooperation, between Spain and the Popular Republic of Bulgaria, executed in Sophia (OSG Sept. 9, 1982).

6. Ministry of Foreign Affairs. Agreement of Sept. 11, 1980, signed between the Governments of the Kingdom of Spain and the Portuguese Republic, on scientific and technical cooperation in the fields of geographic techniques and sciences of the heart, executed in Lisbon. (OSG Oct. 4, 1982).

7. Office of the Head of State. Instrument of Ratification of May 18, 1982 of the Cultural Agreement between the Governments of Spain and Japan, executed in Madrid on March 5, 1982 (OSG Oct. 13, 1982).

8. Ministry of Foreign Affairs. Agreement on Touristic Cooperation of Sept. 20, 1982, between Spain and Hungary, signed in Budapest (OSG Oct. 20, 1982).

9. Ministry of Foreign Affairs. Renovation of the Spanish declaration on article 46 of the European Agreement on Human Rights and Fundamental Freedom Protection, signed in Rome on Nov. 4, 1950 (OSG Oct. 23, 1982).

10. Ministry of Foreign Affairs. The putting into effect of the Agreement on Air Transportation between the Governments of Spain and the Republic of Costa Rica, signed in San José on Nov. 16, 1982 (OSG Oct. 30, 1982).

11. Ministry of Foreign Affairs. Agreement on Air Transportation between the Governments of the Spanish State and the Republic of Turkey, signed in Madrid on July 15, 1975 (OSG Nov. 3, 1982).

12. Ministry of Foreign Affairs. Resolution of the Technical General Secretary of the Ministry including the list of communications between May 1st and August 31st, 1982 in reference to international agreements signed by Spain (OSG Nov. 5, 1982).

FISCAL

1. Ministry of Finance. Royal Decree 2226/82 of Aug. 27, 1982, developing the modifications introduced in the Income Tax of Companies by General Budgetary Laws of 1981 and 1982 (OSG Sept. 11, 1982).

2. Ministry of Finance. Royal Decree 2637/82 of Oct. 15, 1982, approving the regulation on the Corporate Income Tax (OSG Oct. 21, 1982).

This Royal Decree approves a 400-article regulation preceded by a long Exposición de Motivos. The regulation develops Law 51/78 of Dec. 27, 1982 in a systematic and complete structure.

In accordance with Law 61/78, the regulation establishes that those subject to the tax are those resident in Spain, for all income obtained (personal obligation); and those not resident in Spanish territory but who receive income or net worth increases in Spain, or income paid by any public or private person or entity resident in Spain (real obligation).

The tax base is arrived at by the algebraic sum of income and of increases and decreases in net worth, and by the difference between the value of the fiscal capital at the beginning and the end of the tax period.

The regulation provides a complete system of accounting rules to determine the value of the assets, amortization, material and nonmaterial immovable goods, fees,

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bearer securities, stocks, credits and rights, short-term liabilities, and other accounts; and it also provides a net income determination system. Deductions and extemptions are also submitted to very concrete regulation.

Chapter V speaks of the tax to be paid, and according to law provides that the tax rate applicable to the tax base will in general be 33%, except in the case of savings banks, rural banks, and Cajas de Ahorro, for which the rate will be 18%. Non-resident entities acting in Spain without permanent establishment may choose the general system of taxation or a simplified one that fixes the rate of 24% on net income. In this case the net income will be determined by making a direct deduction (without formal demonstration) from gross income of an amount fixed by Government (at present a direct general deduction of 37.5% is permitted).

Tax credits are established in Chapter V, particularly investment deductions regulated in Section IV. Section V of Chapter V establishes the withholding regulation on a 15% basis, and Section VI regulates the filing of tax returns.

Title II of the Regulation, beginning in article 300, is dedicated to the Special Regimes, a real obligation tax system, and fiscal transparency. The regulation ends by regulating acquired rights and providing transitory rules.

COMMERCIAL

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1. Presidency of the Government. Royal Decree 2276/82 of July 24, 1982, concerning the transfer of functions and services from the Administration of the State to the Autonomous Community of Galicia on matters related to domestic trade fairs, commercial structure reforms, domestic trade, and Chambers of Industry, Commerce and Shipping. (OSG Sept. 16, 1982).

2. Ministry of Economy and Commerce. Royal Decree 2557/82 of Oct. 1, 1982, developing Chapter II (Export Credits) of Royal Decree Law 5 /82 of April 2, 1982 (OSG Oct. 11, 1982).

3. Ministry of Economy and Commerce. Royal Decree 2576/892 of Sept. 24, 1982, modifying articles of the Regulation of the Competence Defense Court, approved by Decree of March 4, 1965 (OSG Oct. 15, 1982).

4. Ministry of Economy and Commerce. Royal Decree 2667/82 of Oct. 15, 1982 extending to January 26, 1983 the partial suspension of the Custom Tariff of Normal Application (OSG Oct. 26, 1982).

5. Ministry of Economy of Commerce. Royal Decree 277/82 of Sept. 24, 1982 approving the by-laws of the Institute of Spanish Chartered Accountants (OSG Nov. 4, 1982).

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By JOHN OGILVIE

Why a Different Annual Report for the U.S.?

Some advice for Spanish firms which find it necessary, or desirable, to distribute annual reports in the United States, from Chamber member John Ogilvie, an advertising and public relations specialist who has had a great deal of experience with annual reports, good and bad. This article was adapted from a speech Mr. Ogilvie gave before the European Public Relations Roundtable in September.

WHY A DIFFERENT ANNUAL REPORT for the United States? A short answer might be "Ask your marketing people. They must adapt their product and packaging to different markets—so why shouldn't you do likewise?"

A longer answer is that there are a good many reasons why it could be worth while to have a special version of your annual report for the U.S.A.—a report which would also, very probably, be quite acceptable in the United Kingdom, South Africa, Australia and other English speaking areas, and even in Japan. A number of these reasons differ according to your company's objectives in the United States.

First and foremost, the foreign versions of your annual reports address publics quite different from your home audiences. The primary public for your domestic annual report is your shareholders. The primary public of most companies operating in foreign markets is **not** existing or potential shareholders. Your annual report in the U.S. tends to go mainly to people with whom you do business and who need to inform themselves quickly, with a minimum of irritation or comprehension problems, about your company. It should be readily accessible and useful to U.S. readers, who have varying reasons for reading it and differing levels from interest—they may be bankers, business partners, customers, employees, credit services personnel, journalists, or potential investors.

Your firm may be a household word at home. Your domestic public—and especially your primary audience at home, your shareholders—know perfectly well who and what you are, how well you have been doing in recent years, where you stand in your market. Galling as it can be for the representative of a major European company, you will have to assume that the average lending officer or potential customer in Atlanta or Houston has never heard of your company. The next time you are in the States—and I don't mean New York City—buy the local papers as you travel around and see how much business news it has. If I promised to buy a free lunch for every foreign business story you find, the expense would be minimal. The average coverage of even U.S. business news in regional newspapers is very thin, and foreign corporate news is virtually nonexistent.

So what does all this mean? Simply that you must assume nothing with regard to the degree of awareness of your company on the part of target U.S. audiences when you sit down to draw up the annual report you propose to send them. That means that you have to say much more about the company and its operations than you would in the domestic version of your report. It might also be necessary to put certain current developments in context for the foreign reader by referring to events or matters from prior years. In short, it means that you have to stand back and examine the information you are sending overseas from a perspective which differs greatly from the one your are accustomed to applying at home.

It is more than likely that your company has some very specific objectives with regard to the United States and other overseas markets, objectives which may not be consonant with those being pursued at home, or which cannot be mentioned in the domestic report, for labor or other reasons. It is important to obtain a definition of such objectives from your international department or from your U.S. agent or subsidiary, if you have one. In this way, a document can be prepared which supports their immediate and relevant needs when it comes to propagating information about your company in the U.S. For example, your company might want to become especially well known there for one particular aspect of its business which you believe has the best market prospects there, or because that is the field in which the company's U.S. capital investment is being concentrated. Or possibly your chief financial officer might be contemplating U.S. financing in the next year or so and would want the annual report to emphasize that the parent company was not dependent on the home economy but derived a major portion of its revenues and profits from overseas sales; or possibly, again, that even though the home economy was weak, U.S. investors should not be too worried because your company had found a special niche which it is exploit-ing very nicely.

Generally speaking, the U.S. version should tend to emphasize the company's U.S. assets and operations, with special emphasis on positioning the company in its competitive U.S. context, and dealing also with the contributions the company makes, or will make, to the U.S. economy, environment, employment, etc.

As I am sure you know, Americans tend to be much more direct in their approach to many of these things than are Europeans, not to mention Orientals. Thus an American chief executive officer—when the company has made money—will make very sure that the author of the annual report tells the shareholders right up front that he made money for them in the past year; this rather than elaborating for several pages on the economy of 18 months ago and discussing everything but profits until near the end of the report, as is often the case in European annual reports. On the other hand, of course, I have to admit that U.S. annual report writers do tend to avoid the issue when the company hasn't made money and talk about positive developments first.

> "Conveying relevant information in the minimum of space and with the maximum of clarity should be the objective of your U.S. annual report."

Many European annual reports are over 100 pages. The ideal length for U.S. consumption would be about 40 pages—more if there are a lot of illustrations. You know that we are a very impatient people. We never amble when we can jog. We never mail anything we can send by messenger. Tomorrow is never good enough. It always has to be done today. Have you noticed how from the moment you step off the plane in New York you seem to be running everywhere until you get back to the more civilized pace of Madrid? We always seem to be trying to do too much in too little time. Be that as it may, the average attention span on the other side of the Atlantic tends to be much shorter than over here, and the rule of thumb is that a U.S. annual report should be readable in about 20 minutes. Conveying relevant information in the minimum of space with the maximum of clarity should be the objective of your U.S. annual report.

But wait a minute, you may say. You just told us that because we are not so well known overseas we should put in more background information about the company, with the result that the foreign version would be even more voluminous than the domestic one. Not necessarily so. Your domestic annual report may treat national matters in great detail—governmental economic and other policies, how the energy situation is affecting the company, social policy, labor problems, awards from the King for export achievement, and many other matters of a parochial or national nature are of little interest to your potential customer in Baton Rouge, Louisiana.

Also, you should drop your social report sections without a second thought. Many European companies are so far ahead of their U.S. counterparts in this area that discussion of a company's socially conscious activities makes the average U.S. investor or banker very uncomfortable and leads him to think that he might be getting involved with some kind of corporate communism (if that is not a contradiction in terms).

THE DIFFERENT style of authorship of European annual reports on the one hand, and U.S. (and Japanese) annual reports on the other, results in a subtle difference which comes out in their reading. I might be wrong, but it is my impression that in European companies "Number One" and his senior aides are personally very involved in their annual report; whereas in the U.S. and Japan it is lower echelon people, either in- or out-of-house, who get on with the job. The result is that the European annual report can be very personal, in that it might express one person's very personal view of the state of the national economy, for example, but not at all personal when it comes to style or relating to stockholders. A U.S. annual report seems to be much more conscious that the ultimate owners of the corporation are its shareholders; so you will see things like "Our company did this" and "You will be paid your dividend on," whereas a European annual report appears to be addressing institutions rather than individuals.

Translation or adaptation?

Is it preferable to do a literal translation, prepare an adaptation, or create something completely different for your foreign public? A straightforward translation, if it is a good one, presents the fewest problems; but it must be clear from what I have been saying that I, for one, do not believe that this approach results in an effective vehicle of communication. It might be nice to look at, it is certainly expensive to produce and distribute, but it is probably not widely read or appreciated by your overseas offices. Whether one goes for an adaptation or something completely different has a lot to do with whether it is the home or the U.S. office which is calling the shots in this regard, as well as the stage of the company's development in the U.S. My own belief is that the most effective communications tool will be something tailored specifically for the audiences it has to address.

If your report is an adaptation or an original version, it should carry a prominent notice to the effect that this

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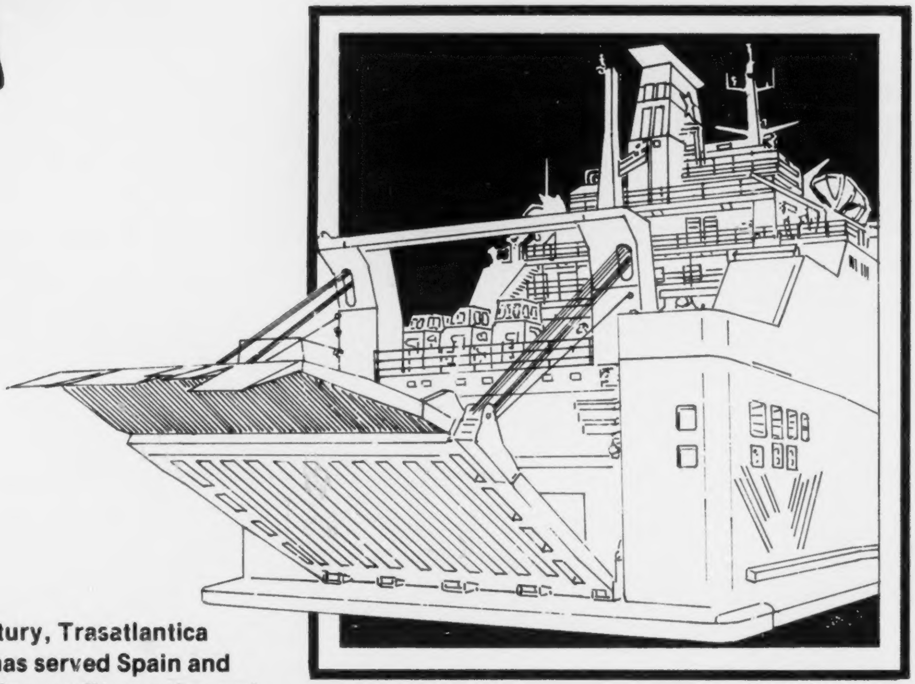

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document has been prepared for the convenience of English language audiences. It is "derived from the company's legal annual report published in Spain" for example. Its "form and content varies from that of the original, a copy of which can be obtained by writing to. . ."—and then it would be appropriate to give a U.S. address rather than a European one.

It is preferable that an annual report destined for the U.S. should be the U.S. rather than the European size, thus permitting the U.S. subsidiary's existing envelope stocks to be utilized; it also makes printing cheaper, should it be printed in the U.S., if it is U.S. sized rather than European.

If it were to follow standard U.S. practice, your U.S. annual report would contain a profile description of the company, financial highlights, the chief executive's message, a report on operations, a consolidated balance sheet, a consolidated income statement, retained earnings, source and application of funds, notes including principles of consolidation, and the auditor's report and letter. Please, as few sets of financial statements as possible. Sometimes it is necessary to show the parent company results in addition to the consolidated, but the object should be to make the back of the book, as we call it, as simple as possible. I still recall with horror the annual report of one Dutch company, which had five sets of financials when we first became associated with it. Randomly placed elements in the U.S. version might include information on stock price movement, 5 year highlights, the corporate family tree, and a directory. It would also be desirable to report on the company's main areas of business separately, if possible.

"Be careful to set up conventions with regard to abbreviations, accents, spelling, terminology, net worth or shareholders' equity—and don't switch from one to the other."

Given the different accounting concepts separating much European and U.S. accounting, there are inherent problems when it comes to reordering European financial statements into a standard U.S. format. Nevertheless, with a little help from your financial people who know U.S. "Generally Accepted Accounting Principles" or from the financial people at your U.S. subsidiary, who know your accounting principles, your financial statements can be simplified and represented in a format designed to cause the least problems for U.S. readers. Also, you do not have to have your financials recast by one of the Big 8 accounting firms to make them formally conform to U.S. accounting principles; but if they are already doing so, so much the better.

There are some accounting gaps which just cannot be bridged. For example, the ways reserves and provisions are treated, and the ways assets are written up in many European countries. In such cases, these differences simply have to be explained. The idea is, after all, to produce something which is comprehensible and useful—otherwise, why bother? Remember, also, that the law of your country only governs your annual report as first prepared for circulation in your own country. Unless I am very wrong, the laws of most countries have no bearing on how their companies represent themselves beyond their borders. Besides, any other version should carry the label I mentioned earlier, stating that only the domestic version is the legal one of last recourse.

Set up conventions and stick to them

Be careful to set up conventions with regard to abbreviations (with or without periods), accents (yes or no), spelling, terminology, net worth or shareholders' equity, and don't switch from one to the other. Remember that in writing figures the U.S. convention is the opposite of Spain's—that is, in Spain one million dollars is written $1.000.000,00, whereas in the U.S. the commas and periods are reversed; it is $1,000,000.00. Failure to stick to one mode or the other can create enormous confusion. Be sure that if the financials are prepared separately that they observe the same conventions as the balance of the report, and especially that the notes relate properly to the relevant balance sheet and other financial items.

In which currency should the figures be expressed—the original or in U.S. dollars? Some of the figures should certainly be in dollars, but unless you are contemplating a U.S. stock issue it is not normally necessary to express all the financials in dollars. It is sufficient, and avoids the issue of whether to use a constant or historical rates for conversion, if only the most recent year's figures are stated in dollars. That would mean that you have three columns of figures, the first being 1982 figures in dollars, the next being 1982 figures in pesetas, followed by the 1981 figures in pesetas. All conversion rates should, of course, be clearly stated.

When deciding how to start designing something for the United States, the easiest way is simply to take the prior year's annual report and cut out what is irrelevant for that market. Then you have a base to build on. Next, turn loose a journalistically trained writer with fluent English and a U.S. perspective, on all the available information, with instructions to select and prepare what is most relevant for the United States. □

Major Fairs and Exhibitions in Spain — 1983

JANUARY, INTERNATIONAL

Valencia, Jan. 18-22: **TEXTILHOGAR (International Home & Decorative Textiles)**; Apartado 476, Valencia.

Barcelona, Jan. 20-23: **RODATUR-83 (Road and Railroad Tourism Fair)**; Avda. de María Cristina, s/n; Barcelona.

Barcelona, Jan. 22-30: **XXI International Boating and Camping Trailer Show**; Avda. de María Cristina, s/n, Barcelona.

JANUARY, NATIONAL

Madrid, Jan. 14-19: **IBERJOYA (National Jewelry Show)**; Recinto Ferial de la Casa de Campo, Avda. de Portugal, s/n; Madrid.

Madrid, Jan. 15-19: **REGALO FAMA (Gift Showcase)**; Recinto Ferial de la Casa de Campo; Av. de Portugal, s/n, Madrid.

FEBRUARY, INTERNATIONAL

Madrid, Feb. 1-5: **FITUR (International Tourism Fair)**; Recinto Ferial de la Casa de Campo; Av. de Portugal, s/n, Madrid.

Valencia, Feb. 10-13: **FIMIJ-83 (International Infants' and Children's Clothing Fair—First Edition)**; Apartado 476; Valencia.

Valencia, Feb. 10-16: **FEJU-83 (International Toy Fair)**; Apartado 476; Valencia.

Barcelona, Feb. 11-14: **Fashion and Apparel Exhibition—First Edition)**; Av. de María Cristina, s/n; Barcelona.

Barcelona, Feb. 11-14: **MODAPUNTO-83 (National Knitwear Exhibition—First Edition)**; Av. de María Cristina, s/n; Barcelona.

Valencia, Feb. 12-16: **DIPA-DIDASTEC PAPELERIA 83 (International Teaching Materials and Stationary Fair)**; Apartado 476, Valencia.

Madrid, Feb. 25-27: **IBERMODA (Men's Fashion Exhibition —First Edition)**; Av. Portugal, s/n, Madrid.

Madrid, Feb. 25-27: **IMAGEN MODA (Women's Outerwear Show—First Edition)**; Recinto Ferial de la Casa de Campo; Av. de Portugal, s/n; Madrid.

Madrid, Feb. 27-Mar. 1: **INTERMODA (International Fashion Show—First Edition)**; Recinto Ferial de la Casa de Campo, Av. Portugal, s/n; Madrid.

FEBRUARY, NATIONAL

Madrid, Feb. 5-7: **FECATIR (Hunting and Shooting Fair)**; Recinto Ferial de la Casa de Campo; Av. Portugal, s/n; Madrid.

Mahon, Feb. 5-11: **SEBIME (National Costume Jewelry Fair —First Edition)**; Polígono Industrial, Apartado 353; Mahon (Menorca).

Barcelona, Feb. 11-14: **VI Aparel Machinery Show**; Av. de María Cristina, s/n; Barcelona.

Zaragoza, Feb. 16-20: **SMAGUA (Monographic Water Exhibition)**; Apartado 108; Zaragoza.

Sevilla, Feb. 18-21: **ACICAL (Monographic Exhibition of Drugs, Perfumes, Cosmetics, and Hair Products)**; Apartado 4016; Sevilla.

Madrid, Feb. 23-27: **IBERPIEL-PELETERIA (National Leather and Fur Exhibition)**; Velázquez, 4; Madrid.

MARCH, INTERNATIONAL

Barcelona, Mar. 1-6: **CONSTRUMAT-83 (Construction Materials Fair)**; Av. de María Cristina, s/n; Barcelona.

Bilbao, Mar. 2-8: **ELA ELECTRO-83 (International Fair of Electric, Electronic, Automation and Lighting Industries)**; Apartado 468; Bilbao.

Valencia, Mar. 3-8: **CEVIDER-83 (International Ceramics, Glass and Decorative Articles Fair)**; Apartado 476; Valencia.

Valencia, Mar. 3-8: **FIAM-83 (International Metal Arts, Lamps, Jewelry and Watches Fair—First Edition)**; Apartado 476; Valencia.

Valencia, Mar. 10-14: **EXPOCARNE-83 (International Meat Industry Fair)**; Apartado 476; Valencia.

Valencia, Mar. 10-14: **MAICOP (International Bakery and Confectionery Fair)**; Apartado 476; Valencia.

Madrid, Mar. 12-20: **Hobby and Do-It-Yourself Show**; Recinto Ferial de la Casa de Campo; Av. de Portugal, s/n; Madrid.

Elda, second two weeks of March: **FICC (International Shoe Fair—First Edition)**; Apartado 104; Elda (Alicante).

Barcelona, Mar. 16-22: **HISPACK-83 (Packing, Packaging and Graphic Arts Fair)**; Av. de María Cristina, s/n; Barcelona

MARCH, NATIONAL

Madrid, Mar. 12-20: **EXPO-OCIO (Leisure Time Show)**; Recinto Ferial de la Casa de Campo; Av. de Portugal, s/n; Madrid.

Barcelona, second two weeks of March: **Feminine Ready-to-Wear Show**; Av. de María Cristina, s/n; Barcelona.

Barcelona, Mar. 19-22: **Winter Sports Exhibition**; Av. de María Cristina, s/n; Barcelona.

APRIL, INTERNATIONAL

Zaragoza, April 9-17: **FIMA (International Agricultural Machinery Technical Fair)**; Apartado 108; Zaragoza.

Valencia, April 14-17: **FIAM-83 (International Metal Arts, Lamps, Jewelry and Watches Fair—Second Edition)**; Apartado 476; Valencia.

Sevilla, April 22-May 1: **Iberoamerican Samples Fair**; Apartado 4016; Sevilla.

Barcelona, April 30-May 8: **International Automotive Fair**; Av. de María Cristina, s/n; Barcelona.

APRIL, NATIONAL

Sevilla, April 2-10: **VIBEXPO (Monographic Wines and Beverages Show)**; Apartado 4016; Sevilla.

Madrid, April 11-17: **National Electrification Show**; Recinto Ferial de la Casa de Campo; Av. Portugal, s/n; Madrid.

Madrid, April 29-May 2: **EXPO-OPTICA (National Optical and Optometric Exhibition)**; Recinto Ferial de la Casa de Campo; Av. Portugal, s/n; Madrid.

MAY, INTERNATIONAL

Valencia, May 7-11: **International Exhibition of Music, Musical Instruments and Accessories**; Apartado 476; Valencia.

Valencia, May 7-15: **FIV-83 (International Fair of Valencia)**; Apartado 476; Valencia.

CONTINUED

Elda (Alicante), second 2 weeks of May: **MODATEC (International Footwear-related Industries Fair, First Edition)**; Apartado 104; Elda (Alicante).

Valladolid, May 27-31: **EXPAL (International Aluminum and Non-Ferrous Metals Fair;** Apartado 423; Valladolid.

MAY, NATIONAL

Jaen, May 2-8: **Olive Oil and Related Industries Show;** Hurtado, 29 - Apartado 18; Jaén.

Madrid, May 6-9: **IBERPIEL (Handbags and Moroccan Leather Show)**; Velázquez, 4; Madrid.

Almeria, May 17-22: **III EXPO-ENERGIAS (Energy Expo)**; Paseo de Almeria, 61; Almeria.

Bilbao, May 20-29: **EXPO-VACACIONES-83 (Tourism and Leisure Time Show)**; Apartado 468; Bilbao.

Bilbao, May 20-29: **EXPO-CONSUMO-83 (Consumer Goods Fair)**; Apartado 468; Bilbao.

Lerida, May 26-29: **MUNICIPALIA (National Municipal Equipment Show)**; Apartado 106; Lérida.

JUNE, INTERNATIONAL

Barcelona, June 2-10: **International Samples Fair of Barcelona;** Avda. de María Cristina, s/n; Barcelona.

JUNE, NATIONAL

Valencia, June 4-7: **MUNDO BELLEZA-83 (Cosmetic, Perfume, Hair Products and Drug Show)**; Apartado 476; Valencia.

JULY, NATIONAL

El Ferrol (La Coruna), July 16-27: **Northwestern Samples Fair;** Apartado 201; El Ferrol (La Coruña).

AUGUST, NATIONAL

Gijon, August 6-21: **National Samples Fair of Asturias;** Instituto, 17; Gijón.

SEPTEMBER, INTERNATIONAL

Valencia, Sept. 15-18: **FIMIM-83 (International Infants' and Children's Clothing Fair - Second Edition)**; Apartado 476; Valencia.

Elda, second 2 weeks of September: **FICC (International Shoe Fair - Second Edition)**; Apartado 104; Elda (Alicante).

Barcelona, Sept. 26-Oct. 2: **SONIMAG-21 (International Picture, Sound and Electronics Fair)**; Avda. de María Cristina, s/n; Barcelona.

Valencia, Sept. 28-Oct. 2: **IBERFLORA-83 (International Horticultural Show)**; Apartado 13; Valencia.

Madrid, Sept. 30-Oct. 2: **IBERMODA (Men's Fashion Exhibition - Second Edition)**; Recinto Ferial de la Casa de Campo; Avda. Portugal, s/n; Madrid.

Madrid, Sept. 30-Oct. 2: **IMAGEN MODA (Women's Outerwear Show - Second Edition)**; Recinto Ferial de la Casa de Campo; Avda. Portugal, s/n; Madrid.

SEPTEMBER, NATIONAL

Barcelona, Sept. 11-14: **PROMOREGALO-83 (Promotional Gift Show)**; Avda. de María Cristina, s/n; Barcelona.

Valladolid, Sept. 13-25: **National Samples Fair of Castilla and Leon;** Apartado 423; Valladolid.

Lerida, Sept. 17-25: **National Agricultural and Fruit Fair of San Miguel;** Apartado 106; Lérida.

Madrid, Sept. 18-20: **National Sporting Goods Fair;** Recinto Ferial de la Casa de Campo; Avda. Portugal, s/n; Madrid.

Barcelona, Sept. 24-29: **EXPOHOGAR-83 (National Home Show)**; Avda. de María Cristina, s/n; Barcelona.

Barcelona, Sept. 26-Oct. 2: **EXPODOMESTICA-83 (National Household Appliances Show)**; Avda. de María Cristina, s/n; Barcelona.

OCTOBER, INTERNATIONAL

Madrid, Oct. 2-4: **INTERMODA (International Fashion Show - Second Edition)** Recinto Ferial de la Casa de Campo; Avda. Portugal, s/n; Madrid.

Bilbao, Oct. 3-9: **TRASMET-83 (Metallurgical Show)**; Apartado 468; Bilbao.

Bilbao, Oct. 3-9: **SUBCONTRACCION-83 (Sub-Contracting Fair)**; Apartado 468; Bilbao.

Bilbao, Oct. 3-9: **SIDEROMETALURGICA-83 (Siderometallurgical Industry Fair)**; Apartado 468; Bilbao.

Bilbao, Oct. 3-9: **SINAVAL-83 (International Maritime and Shipbuilding Exhibition)**; Apartado 468; Bilbao.

Barcelona, second 2 weeks in October: **Fashion and Apparel Exhibition (Second Edition)**; Avda. de María Cristina, s/n; Barcelona.

Barcelona, second 2 weeks in October: **MODAPUNTO-83** (National Knitwear Exhibition - Second Edition); Avda. de María Cristina, s/n, Barcelona.

Madrid, Oct. 14-20: **International Book Fair;** Recinto Ferial de la Casa de Campo; Avda. Portugal, s/n; Madrid.

Valencia, Oct. 17-23: **FIM-83 (International Furniture Fair)**; Apartado 476; Valencia.

Madrid, Oct. 21-27: **INSTRUMENTALIA-EXPOMEDICA (Scientific, Medical and Technical Instruments Fair)**; Recinto Ferial de la Casa de Campo; Avda. Portugal, s/n; Madrid.

Barcelona, Oct. 24-30: **HOSTELCO-83 (Exhibition of Restoration Equipment)**; Avda. de María Cristina, s/n; Barcelona.

OCTOBER, NATIONAL

Mahon, Oct. 1-7: **SEBIME (National Costume Jewelry Fair - Second Edition)**; Polígono Industrial, Apartado 353, Mahon (Menorca).

Madrid, Oct. 5-9: **Publicity and Marketing Show;** Recinto Ferial de la Casa de Campo; Avda. Portugal, s/n; Madrid.

Zaragoza, Oct. 6-16: **FOMN (Official National Samples Fair)**;Apartado 108; Zaragoza.

Valladolid, Oct. 13-17: **BICI-MOTO (Bicycle, Motorcyle and Accessories Show)**; Apartado 423; Valladolid.

Barcelona, second 2 weeks in October: **Feminine Ready-to-Wear Show;** Avda. de María Cristina, s/n, Barcelona.

Barcelona, Oct. 22-25: **Sporting and Camping Show;** Avda. de Maria Cristina, s/n; Barcelona.

Torrelavega (Santander), Oct. 28-Nov. 2: **EXPOLACTEA (Dairy Show)**; Avda. Fernando Arce, 6; Nueva Ciudad; Torrelavega (Santander).

NOVEMBER, INTERNATIONAL

Las Palmas, Nov. 5-13: **International Fair of the Canary Islands;** Apartado 50; Las Palmas de Gran Canaria.

Elda, second 2 weeks in November: **MODATEC (International Footwear-Related Industries Fair - Second Edition)**; Apartado 104; Elda (Alicante).

Barcelona, Nov. 15-18: **EXPOVIGA-83 (Poultry and Livestock Techniques Fair)**; Avda. de María Cristina, s/n; Barcelona.

Valencia, Nov. 16-20: **FIMMA-MADERALIA-83 (International Woodworking Machinery Fair)**; Apartado 476, Valencia.

Madrid, Nov. 18-25: **SIMO (International Office and Data Processing Equipment Exhibition)**; Recinto Ferial de la Casa de Campo; Avda. Portugal, s/n; Madrid.

NOVEMBER, NATIONAL

Bilbao, Nov. 2-6: **EXPOQUIMIA-83 (Applied Chemistry Show)**; Apartado 468; Bilbao.

Madrid, Nov. 2-6: **TURINVER (National Tourism, Mountaineering and Winter Fair)**; Recinto Ferial de la Casa de Campo; Avda. Portugal, s/n; Madrid.

Madrid, Nov 3-7: **IBERPIEL (National Leather and Luggage Show - Second Edition)**; Velázquez, 4; Madrid.

Madrid, Nov. 9-13: **IBERDIDAC (Didactic Material and Equipment Show)**; Recinto Ferial de la Casa de Campo; Avda. de Portugal, s/n; Madrid.

DECEMBER, NATIONAL

Madrid, Dec. 6-11: **IBERDISCO (Recording Industry Show)**; Recinto Ferial de la Casa de Campo; Avda. Portugal, s/n; Madrid.

First International Congress of Maritime Traffic and Port Management

The First International Congress of Maritime Traffic and Port Management will be held in Barcelona on March 23rd, 24th and 25th. The Congress, sponsored by the Council of Users of Maritime Transport of Catalonia and the Autonomous Port of Barcelona, will be held aboard the ship *Italia.* Paralleling the Congress will be "Tecnoport 83," an exhibition of the most advanced technology concerned with maritime traffic and port equipment and services.

The Congress will feature panel discussions of such subjects as port operations, packing, financing, customs, systems, automation, and productivity. The panelists will be prominent figures in international commerce and port operations (among them Ramon Boixareu, former Commercial Counselor of Spain in New York and now Regional Delegate of Commerce and Industry).

A flyer giving more details on the Congress is available at the offices of the Chamber, or information may be obtained from *Primer Congreso Internacional: El Trafico Maritimo y la Manipulacion Portuaria.* Puerta de la Paz, 1, Barcelona-2; tels. 318 87 50 or 318 88 50; Telex 54000. JOPB Espana.

Iberia Reintroduces Non-Stop Service to Canaries

Beginning November 20th, Iberia Airlines reintroduced non-stop service to the Canary Islands. "Due to the tremendous success of last year's non-stop flights," says Joaquin Pradas of Iberia, "we are now offering *year-round* service at very affordable prices."

The new flight departs Saturdays from JFK Airport, alternating service weekly between Gran Canaria and Tenerife. Wide-body DC-10's leave New York at 8:40 p.m., arriving in the Canaries at 7:50 a.m. Return flights leave the Canaries at 3:40 p.m. and arrive in New York at 6:40 p.m. The service also offers an additional departure for travelers to Madrid, as service continues from the Canaries direct to the capital. Fares, which are common-rated with Madrid, begin at $572 round-trip APEX (low season). For further information call Iberia toll-free at 1-800-221-9741 or in New York at 1-212-793-3300.

Publication Received: 'Importing Handbook'

The Chamber has received a copy of the *Importing Handbook* by Allan Siposs, a teacher and expert on world trade and business development. According to a brochure, the *Handbook* "explains how to plan, start and succeed in foreign trade, and does so in practical terms easily understood and followed by anyone."

Topics covered include "product search and selection, finding and dealing with foreign suppliers, import trading terms and practices, dealing with import regulations and customs, international banking and payments, foreign exchange dealings, simplified import documentatin, unusual business and growth opportunities for importers, and many otehrs of practical importance. It also features many charts, sample documents, trade and other lists and contacts."

The *Importing Handbook,* printed in 8½ x 11 inch size in loose leaf format and designed to fit into a standard 3-ring binder, is available for $25 from the International Business and Management Institute, P.O. Box 4082, Irvine, California 92716 (check required with order).

News in Brief . . .

Major Conference on Spain at Tufts March 17-19

On March 17th-19th, a major conference on Spain entitled "New Perspectives in Spain-U.S.-European Relations" will be held at the Fletcher School of Law and Diplomacy of Tufts University in Medford, Massachusetts (near Boston). Questions which will be considered are the effectiveness of the new political leadership in solving Spain's economic and social problems; future business opportunities; whether continuing democracy is likely to be at risk; and Spain's ties with NATO and the EEC, as well as with the United States in view of the just-signed agreements for military bases.

According to plans as of early January, the keynote speaker will be José María de Areilza, Spanish statesman and diplomat. Also scheduled to participate are Samuel Eaton, author and former U.S. diplomat; journalist José Luis Cebrian, director of *El País;* and Juan Antonio Yañez, foreign affairs advisor to Prime Minister Felipe González.

Among U.S. authorities invited are Richard Burt, Assistant Secretary of State-designate for Europe; and representatives of the U.S. military, the White House, and the Department of Commerce, as well as businessmen and representatives of chambers of commerce and other business groups. Also invited from Europe is Inger Nielsen, representing the External Affairs Commission of the EEC.

Those interested in attending the conference should write or call Hewson A. Ryan, Conference Chairman, Tufts University, the Fletcher School of Law and Diplomacy, Medford, Massachusetts; telephone (617) 628-5000.

Cordorníu and Freixenet Take Top Honors at Tasting

Cordorníu Brut Clasico 1980 English Cuvée was judged the best among 29 European sparkling wines competing with French Champagne, in a tasting reported in the December 29th issue of the New York *Times* by *Times* wine writer Terry Robards. Among three wines ranked in second place (including the one French Champagne included as a control) was Freixenet Carta Nevada Brut. Two other Cordorníu wines (the only other Cordorníu wines in the tasting), Blanc de Blancs 1979 and Brut Natural 1977, were classed among eight wines in third place.

The Cordorníu Brut Clasico 1980 English Cuvée, which is priced to retail at $5.99, was "the clear winner," Mr. Robards wrote. "Its bouquet was delicately fruity and yeasty, and its flavor was full yet elegant, with a clean aftertaste. . . The wine, widely available, had great balance."

Joseph Victori Wines Inc. imports seven different Cordorníu wines. "Over the years," the report continued, "there has been a steady improvement in the Cordorníu sparkling wines. Occasionally variations from bottle to bottle can be perceived, but in general these wines are an excellent value."

The Freixenet Carta Nevada Brut, imported by Paramount Brands and priced to retail at $5.24 a bottle, was one of two Freixenet wines in the tasting. "Its bouquet was slightly citric but subtle," Mr. Robards commented. "Its flavor was light and dry. It was medium-bodied and elegant."

The United States, Mr. Robards notes, is now the largest market for both French Champagne and the "almost-Champagnes"—sparkling wines produced outside of the Champagne district, which under a French law observed throughout Europe cannot be called Champagne. Both Cordorníu and Freixenet wines are produced using the *méthode Champenoise* developed by Dom Perignon in the 17th century and used today in producing French Champagnes.

Spanish Institute Plans One-Day Seminar, 'Spain Today'

On Friday, February 4th, the Spanish Institute will hold a one-day seminar in English on the present Spanish economic and political situation. The seminar, entitled "Spain Today," will have a morning session from 11 a.m. to 1:15 p.m. and an afternoon session beginning at 3 p.m. and ending with a reception in honor of the participants from 6:30 to 8:00 p.m.

Speakers at the seminar will be Angel Viñas, Professor of Political Economy at the Universidad Autonóma of Madrid, whose topic will be "The Military and Politics Since 1975"; Manuel Medina, Professor of International Law and Relations at the Universidad Complutense of Madrid and socialist Deputy from Las Palmas, on "Spain and its International Relations in the Post-Franco Period"; Heribert Barrera, a professor at the Universidad Autonóma of Barcelona and president of the parliament of Catalonia, speaking on "Catalan Autonomy and the Political Situation in Catalonia Today"; and Juan Linz, Professor of Political Science and Sociology at Yale University, on the topic, "The Party System in the Elections." Each talk will be followed by questions from the audience and discussion, and there will also be a panel discussion moderated by Professor Edward Malefakis.

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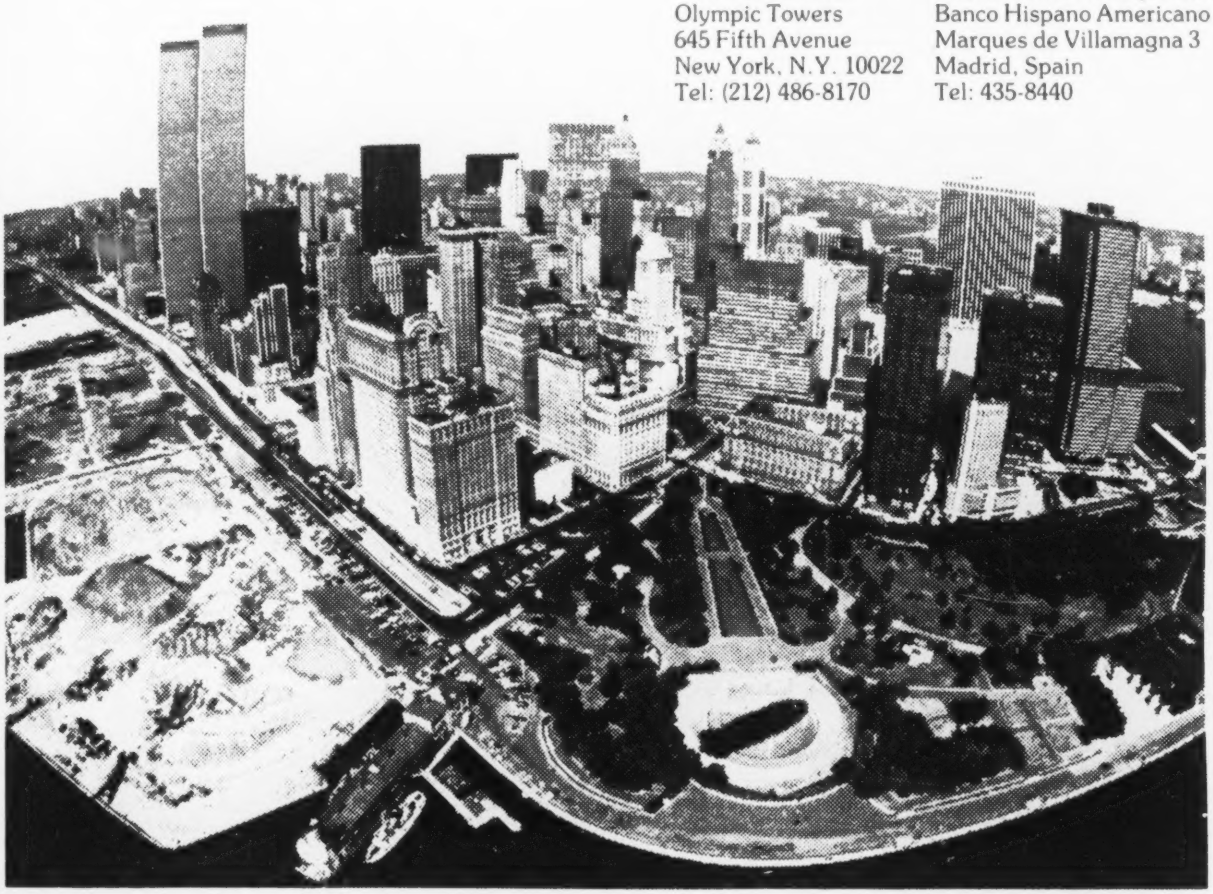

Business Opportunities

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Erma, S.L.
Polígono Industrial La Bagunda
Telleira, 5
Vigo (Pontevedra)

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Especiales, S.A.)
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Madrid-33

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Barcelona-12

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Jayper
Virgen de la Merced, 1
Javea (Alicante)

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c/. Dr. Ezquerdo, 215
Madrid-7

Wooden chairs:
Sr.D. Ricardo Oriol
Maexsa
San Agustín, 4
Barcelona-12

Textile machinery for finishing fabrics:
Sr.D. Luis Portell Morlans
Talleres Fontanet (Tallfont, S.A.)
Apartado 234
Sabadell (Barcelona)

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Macosa
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Bilbao

Machine tools:
Helmut-Holke
Avenida de Zarauz, 82
San Sebastián-9

Modern and antique lamps, parts and accessories; appliques; etc.:
Lux Diseño
Ronda Guinardó, 44
Barcelona-25

Woodworking hand tools:
Sr.D. José L. Gómez Celdrán
Metalurgica Industrial
Ferretera, S.A.
Velia, 71
Barcelona-16

Elastic rings; quick fixing clips; plate springs and elastic bolts, etc.:
Sociedad Anónima Sinard
Rocafort, 64
Apartado 224
Sabadell (Barcelona)

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Ingeniero Consultores
Balmes, 417 - 6° D.
Barcelona-22

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Factoría Little Kiss
Avda. Camp del Turia, s/n
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Yack Comercial, S.A.
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Gijon

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c/. Valencia, 17
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Serpack, S.A.
Independencia, 43
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Badalona (Barcelona)

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Tenflor
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Cruz-Chica La Laguna
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Yerse, S.A.
Alemania, 159
Sabadell (Barcelona)

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Avda. del Quel, 26
Apartado 12
Arnedo (La Rioja)

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Sidha, S.A.
Ausias March, 35
Barcelona-10

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Ariza, S.A.
Apartado de Correos, 10
Vitoria

Leather goods; sunglasses; watches; ties; gift articles; footwear, etc.:
Sr.D. Cándido García
J.I. Producciones, S.A.
Santaló, 105
Barcelona-21

Children's electric trains:
Electrotren
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Madrid-20

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Continued from Opposite Page

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Albacete

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Polígono Matagallegos
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Marín García, 4 - 3° Izq.
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FROM THE COMMERCIAL OFFICE OF SPAIN IN NEW YORK

Spain's Exports to the U.S., Jan.-Sept. 1982

In this tabulation, using statistics from the U.S. Department of Commerce, column 1 gives Spain's total exports to the U.S. from January 1st through September 30th, 1982, in thousands of dollars. Column 2 gives the percentage of variation from 1980. Column 3 gives the percentage of total exports represented by each group.

	1	2	3
FOOD PRODUCTS	**144,880**	**+ 17.6**	**12.40**
1. Fish and shellfish, except preserved	10,685	- 38.1	
2. Preserved fish and shellfish	8,257	- 20.4	
3. Marmalades and preserved fruits	7,885	+ 30.3	
4. Vegetables, prepared or preserved, including olives	89,145	+ 24.3	
5. Sweets with a sugar base which do not contain cocoa	6,441	+ 63.9	
6. Paprika	3,430	- 14.9	
7. Food preparations, unspecified	2,123	+ 13.5	
BEVERAGES AND TOBACCO	**42,572**	**- 15.5**	**3.64**
8. Table wines and Sherry	28,860	- 14.4	
9. Sangria	6,737	- 9.0	
10. Brandies and similar	5,881	- 19.3	
11. Processed tobacco	494	- 71.6	
RAW MATERIALS, INEDIBLE, EXCEPT PETROLEUM AND OTHER VEGETABLE PRODUCTS	**15,874**	**- 14.7**	**1.36**
12. Fluorspar	3,089	+ 11.4	
13. Raw materials of animal origin	1,191	- 27.2	
14. Gums, resins, and natural lacquers	3,959	+ 0.4	
15. Other crude vegetable materials	3,504	- 15.2	
PETROLEUM PRODUCTS AND LUBRICANTS	**30,079**	**- 31.,9**	**2.57**
16. Fuel for reaction-motor aircraft and for aircraft with unspecified motor	-	-	
17. Light petroleum	4	-	
18. Heavy petroleum	16,045	+ 90.3	
19. Lubricating oils and greases, hydrocarbons	13,995	- 7.5	
OILS AND FATS, ANIMAL AND VEGETABLE	**11,391**	**- 5.9**	**0.97**
20. Olive oil	11,117	- 7.9	
CHEMICAL PRODUCTS	**53,119**	**+ 9.5**	**4.55**
21. Organic chemical products	16,038	+ 6.9	
22. Inorganic chemical products	16,925	+ 24.1	
23. Essential oils and perfume materials	7,842	- 16.6	
24. Soaps and detergents	1,502	+ 9.3	
MANUFACTURES AND SEMI-MANUFACTURES	**368,036**	**- 17.6**	**31.50**
25. Leathers, hides and their manufactures	11,490	+ 6.4	
26. Tires	20,688	- 62.6	
27. Manufactures of wood and cork	3,783	- 17.7	
28. Articles of paper and cardboard	4,365	+ 16.3	
29. Thread and yarn	2,903	+ 58.6	
30. Manufactured clothing	1,748	- 25.1	
31. Woolen fabrics	921	+ 26.2	
32. Lime, cement and other construction materials, except tiles	8,623	- 9.8	
33. Tiles	7,594	- 20.0	
34. Articles of crystal and glass	3,308	- 28.2	
35. Articles of pottery	12,066	+ 3.8	
36. Iron and steel in bars, sheets etc.	230,718	- 11.6	
37. Non-ferrous metals	7,703	- 69.2	
38. Wire, without electrical insulation	14,184	+ 88.5	
39. Screws, nails, rivets etc. of iron, steel or copper	8,591	- 22.0	
40. Hand tools	6,847	+ 18.8	
41. Domestic utensils of common metals	5,200	+ 27.5	
42. Manufactures of metal, unspecified	8,800	- 8.4	
MACHINERY AND TRANSPORT EQUIPMENT	**209,273**	**+ 21.3**	**17.91**
43. Non-electric generators and parts	5,391	+ 31.0	
44. Agricultural machinery and parts	5,335	+ 174.7	
45. Office machinery and parts	59,146	+ 28.7	
46. Metalworking machinery	20,027	- 5.7	
47. Textile and leather machinery	2,012	- 44.0	
48. Industrial machinery	2,892	+ 33.6	
49. Machinery and apparatus, unspecified, and parts	15,690	- 18.2	
50. Electrical generators, commutators, and parts	4,363	+ 16.4	
51. Electrical household appliances and parts	3,459	+ 71.0	
52. Electrical machinery and apparatus, unspecified, and parts	4,297	+ 11.4	
53. Transportation equipment	76,972	+ 38.0	
53a. Parts and accessories for tractors, vehicles & motors	46,963	+ 14.9	
53b. Motorcycles and parts	473	- 59.3	
53c. Aircraft	10,717	+ 3.9	
53d. Supplies for aircraft and large ships, unspecified	6,250	+ 95.4	
MANUFACTURED CONSUMER PRODUCTS	**265,521**	**+ 18.9**	**22.72**
54. Lamps and parts	4,162	- 28.8	
55. Furniture	9,561	- 7.9	
56. Luggage and handbags	5,103	- 16.2	
57. Textile manufactures	1,986	+ 2.9	
58. Manufactures of leather and accessories	3,060	+ 41.9	
59. Knitted manufactures & accessories	1,118	- 5.3	
60. Footwear	183,053	+ 27.9	
61. Printed matter	14,645	- 18.7	
62. Toys and sporting goods	7,884	+ 43.9	
63. Arms and parts, except revolvers and pistols	3,075	- 30.6	
64. Objects of art and antiques	9,573	+ 17.9	
65. Jewelry and costume jewelry	6,284	- 4.1	
66. Other manufactures, unspecified	3,219	- 0.3	
OTHER PRODUCTS, UNCLASSIFIED	**27,749**	**+ 47.5**	**2.38**
67. Special transactions, unclassified	19,776	+ 53.3	
68. Arms of war, including revolvers, pistols and ammunition	5,460	+ 13.1	
69. Estimated value of imports in lots less than $251 in value	1,234	+ 31.7	
TOTAL EXPORTS TO THE U.S.	**1,168,492**	**+ 0.8**	

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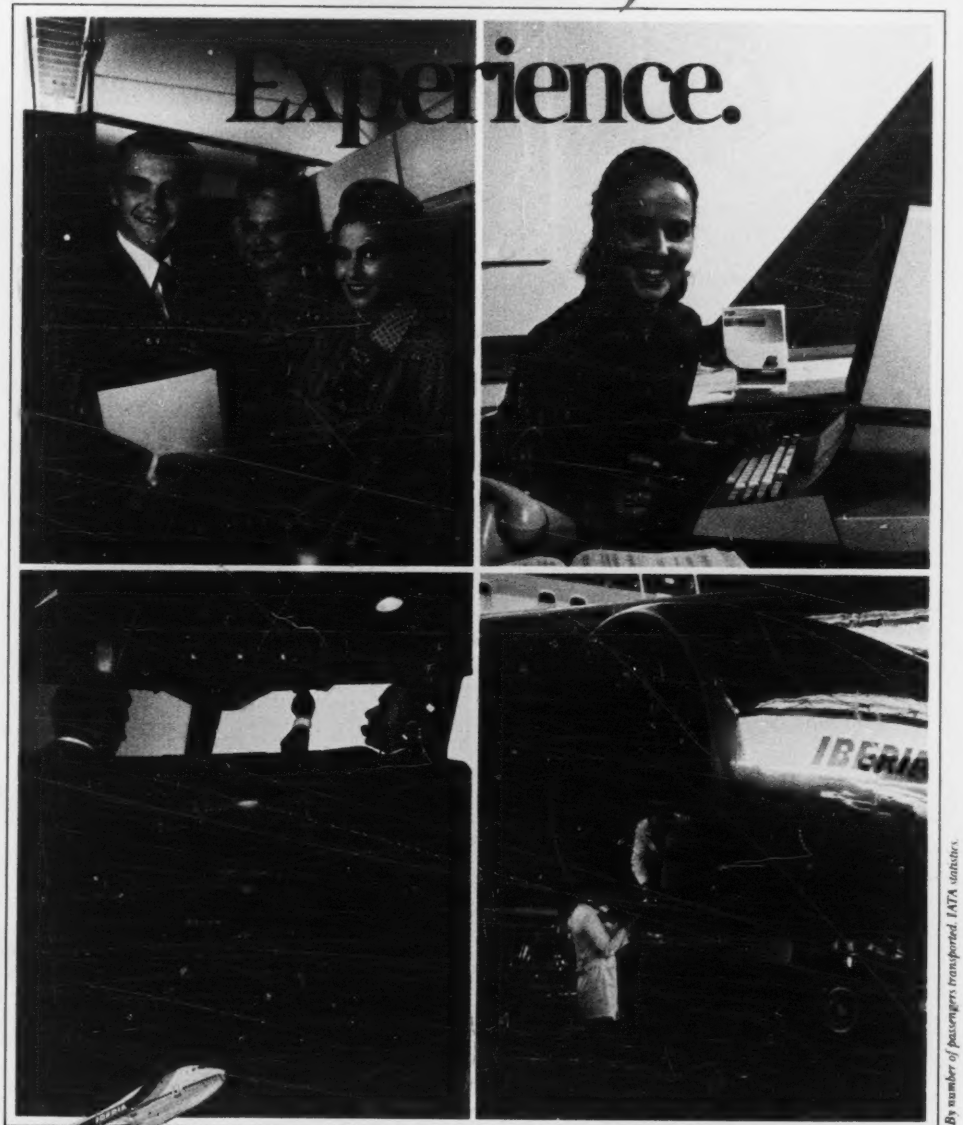

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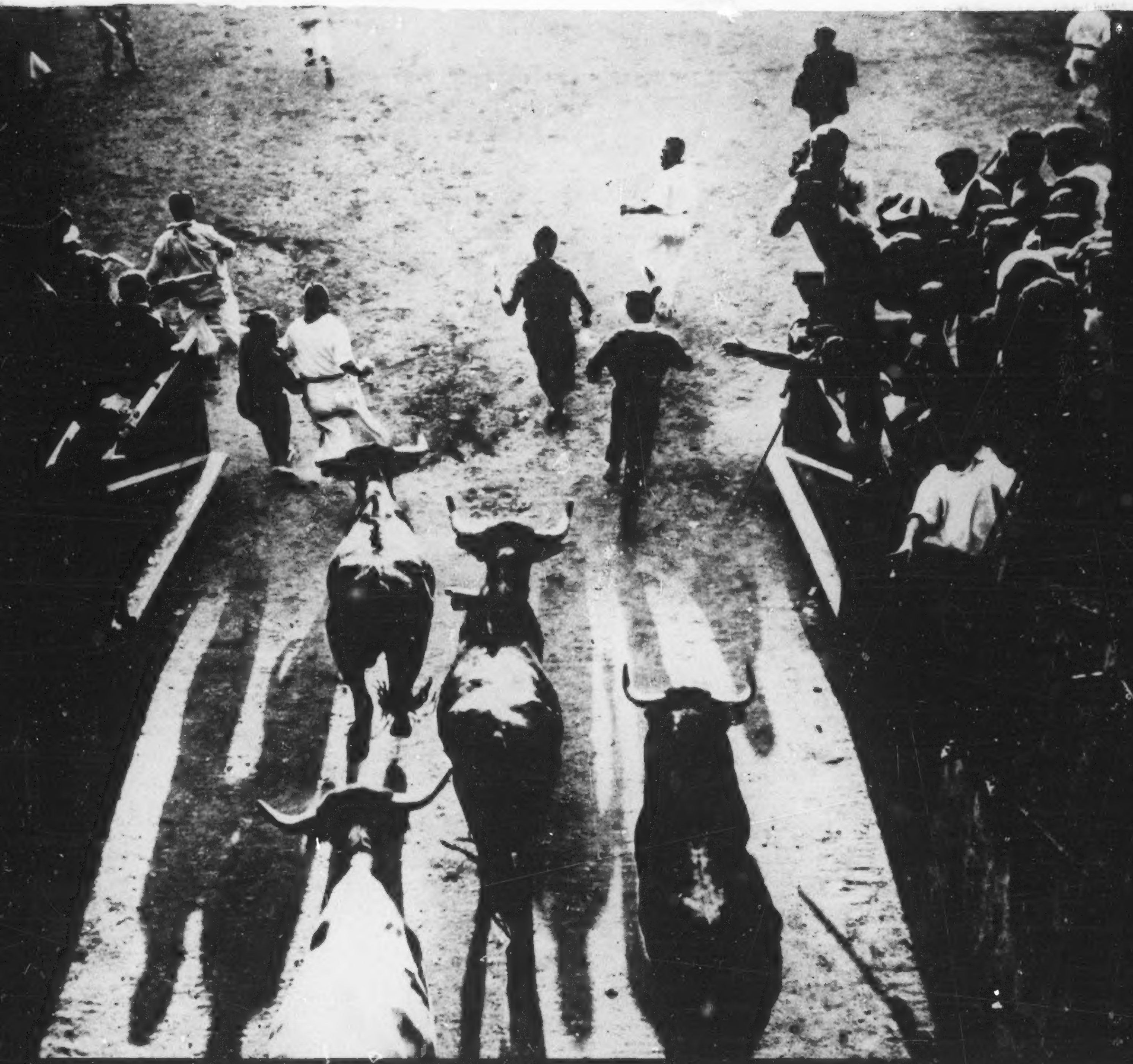

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1. **Nota sobre el comercio entre España y los Estados Unidos durante el primer semestre de 1982**, por Antonio Llanos, Consejero Comercial de España.
9. **The Spanish Corporate Income Tax**, by José L. San Pío and Fernando Bautista, J. & A. Garrigues, New York.
17. **The Wines of Navarra**, from El Comercio Hispano-Britanica.
21. **Spain's External Debt**, a study by Extebank.
23. **Urgent Measures on Taxation**, prepared by Price Waterhouse & Co., Madrid.
25. **A Market for Photography**, by Charles Ocheltree, Spanish National Tourist Office.
26. **Ley Fiscal en los Estados Unidos Sobre Inversiones Extranjeras en Bienes Raíces**, preparado por Valdés-Fauli, Richardson & Cobb.
28. **Current Legislation in Spain**, prepared by J. & A. Garrigues, New York office.
33. **El "Spain Promotion Show,"** prepared by Reshotel Marketing International, Inc.

DEPARTMENTS:

35. **News in Brief.**
38. **Spanish Products Offered.**
39. **Productos españoles solicitados.**
40. **Exports from Spain to the U.S., Jan.-Nov. 1982.**

COVER: In *The Sun Also Rises,* Ernest Hemingway focused worldwide attention on Pamplona, capital of Navarra, the fiesta of San Fermin, the running of the bulls...and Navarra's fine cuisine and excellent wines. See "The Wines of Navarra," page 17.

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Por ANTONIO LLANOS
Consejero Comercial de España

Nota sobre el comercio entre España y los Estados Unidos durante el primer semestre de 1982

LA EVOLUCION general de los intercambios comerciales entre España y los Estados Unidos durante el primer semestre de 1982, en comparación con períodos similares de años anteriores, queda reflejada en el cuadro Nº 1, en millones de dólares. De estas cifras se puede deducir que:

1. Las importaciones españolas han crecido un 10 por ciento sobre el mismo período del año anterior. Ello ha hecho que prácticamente se recupere el nivel alcanzado hace dos años, compensándose el descenso del 9,8 por ciento registrado en 1981.

2. Las exportaciones españolas alcanzan 644.000.000 dólares, es decir son algo superiores al nivel alcanzado en 1979, compensándose así, durante 1981 (+5,9%) y 1982 (+ 12.2%) el fuerte descenso registrado en 1980.

En el cuadro número 2, según datos de la Dirección General de Aduanas, se recogen en pesetas tanto el valor de las importaciones como de las exportaciones para el mismo período durante los últimos cinco años, así como la tasa de cobertura del comercio hispano/norteamericano y otros índices.

Como es lógico, las cifras en pesetas reflejan incrementos más importantes debido a la depreciación de la peseta con respecto al dólar.

a. Las importaciones aumentan un 30.1 por ciento sobre el año anterior frente a un incremento de las importaciones totales españolas del 16,4 por ciento.

b. Las exportaciones españolas a los Estados Unidos han aumentado un 30,9 por ciento durante los seis primeros meses de 1982, mientras que la exportación total española lo ha hecho en un 26,4 por ciento en el mismo período.

c. Como consecuencia del comportamiento de importaciones y exportaciones el déficit comercial entre España y los Estados Unidos pasa de 138.400 a 179.700 millones de pesetas y el índice de cobertura mejora ligeramente 27 por ciento frente a 26,8 por ciento en 1981. Este índice está muy por debajo de la tasa de cobertura del comercio español que alcanza el 63,6 por ciento.

d. El porcentaje de la importación española procedente de los Estados Unidos, pasa del 13,2 por ciento al 14,8 por ciento, manteniéndose en los niveles de años anteriores (Estados Unidos es nuestro primer proveedor), y el porcentaje de la exportación española

CUADRO Nº 1

	enero/ junio 1978	enero/ junio 1979	enero/ junio 1980	enero/ junio 1981	enero/ junio 1982	% de variación 1982/1981
Importaciones españolas (CIF)	1.216	1.518	2.389	2.154	2.369	10,0
Exportaciones españolas (FOB)	578	628	542	574	644	12,2

CUADRO Nº 2

Comercio España - Estados Unidos

(Valor en miles de millones de pesetas. Dirección General de Aduanas)

Años	Importaciones españolas (CIF)	Exportaciones españolas (FOB)	Saldo	% Aumento de las Importaciones (s/ el año anterior)	% Aumento de las Exportaciones s/ el año anterior)	Indice de cobertura en el comercio con U.S.A.	% de importación española que procede de USA	% de exportación española que se dirige a USA
E-J '78	98.0	46.5	- 51.5	19,1	38,0	47.4	13,4	9,3
E-J '79	103.2	42.7	- 60.5	4,4	- 8,2	41.4	13,5	7,2
E-J '80	165.3	37.5	-127.8	61,6	-12,2	22.7	14,2	5,3
E-J '81	189.2	50.8	-138.4	14,5	35,5	26.8	13,2	6,1
E-J '82	246.2	66.5	-179.7	30,1	30,9	27.0	14,8	6,3

que se dirige a los Estados Unidos se incrementa del 6,1 por ciento al 6,3 por ciento (Estados Unidos es el cuarto cliente español).

IMPORTACIONES

En el cuadro número 3 se recoge la evolución de los principales renglones de la importación española procedente de los Estados Unidos. Se han seleccionado aquellos productos que, durante el período considerado, han alcanzado una cifra de diez millones de dólares por lo menos; en conjunto representan el 74,4 por ciento de la importación total.

Como puede apreciarse, la importación española procedente de los Estados Unidos, está constituída, fundamentalmente, por materias primas y bienes de equipo, sin que en la misma se hayan producido variaciones sustanciales con respecto a otros años. Destacan los incrementos experimentados por la chatarra

CUADRO Nº 3

Principales renglones de la importación española de los Estados Unidos

(millones de dólares CIF)

		enero/ junio 1980	enero/ junio 1981	enero/ junio 1982	% de variación 1982/1981
12.01.46) 23.04.40)	Habas de soja y tortas	414.6	352.3	378.2	7,4
10.056.92	Maíz	286.6	287.1	336.5	17.2
27	Productos petrolíferos	80.0	242.4	277.8	14,6
88.02)	Aviones y sus partes	201.2	155.3	123.4	-20,5
24.01	Tabaco en rama	32.7	63.4	85.6	35,0
10.07.95	Sorgo	-	-	79.5	-
84.53) 84.55.96)	Equipos proceso datos	69.1	90.8	77.8	-14.3
73.03	Chatarra	80.4	30.5	59.6	95,4
90.28	Instrumento de control	21.7	30.5	30.0	-1.6
84.08	Motores a reacción y turbinas de gas	17.8	32.6	25.6	-21,5
12.01.64	Semillas de girasol	-	-	22.3	-
84.23	Maquinaria obras públicas	19.3	24.6	21.9	-11,0
85.21	Componentes electrónicos	18.6	21.9	20.4	-6,8
90.17	Instrumentos de medicina	15.4	18.6	20.3	9,1
29.01	Hidrocarburos	31.6	13.5	19.1	41,5
10.03	Cebada	16.9	-	18.9	-
28.50.41	Uranio natural	72.2	-	18.7	-
85.15	Transmisores y receptores	15.6	19.6	18.4	-6,1
84.06	Motores de explosión o combustión	9.6	13.6	17.6	29,4
84.45	Máquinas herramientas	3.0	4.5	16.9	275,6
29.27.10	Acrilonitrilo	3.3	10.7	16.1	50,5
38.14	Preparados antidetonantes	13.8	12.1	16.0	32,2
29.35	Compuestos heterocíclicos	10.6	9.4	15.1	60,6
24.02	Tabaco elaborado	48.5	29.8	13.8	-53,7
85.19	Aparato y material para corte	7.4	8.2	12.1	47,6
84.59.31) 84.59.32) 84.59.33)	Reactores nucleares	29.5	22.3	11.2	-49,8
55.01	Algodón	30.0	12.2	10.2	10,0
	A) Total	1549.4	1505.9	1763.0	17,1
	B) Total importación	2389.5	2153.6	2368.5	10,0
	C) % A/B	64.8	69.9	74.4	

Principales renglones de la exportación española en los Estados Unidos

(millones de dólares)

		enero/ junio 1980	enero/ junio 1981	enero/ junio 1982	% de variación 1982/1981
64	Calzado	85.9	84.8	113.8	34,2
73.18	Tubos de acero	27.5	37.3	41.0	9,9
84.53.81	Equipo de proceso de datos	1.0	18.7	38.0	103,2
20.02.60	Aceitunas	35.1	33.1	36.6	10.6
73.71 al 73.76	Aceros aleados	10.3	13.9	27.3	96,4
73.11	Perfiles de hierro	23.0	29.7	18.3	-38,4
40.11	Neumáticos	24.0	24.5	16.3	-33,5
88.02) 88.03)	Aviones y accesorios	18.1	19.8	15.7	-20,7
84.45	Máquina herramienta	14.0	9.9	13.2	33,3
87.06	Recambios vehículos	10.7	11.9	11.9	-
73.25	Cables de acero	5.1	3.8	10.2	168,4
84.61	Grifería y valvulería	6.8	7.1	8.8	23,9
84.61	Chapas de hierro y acero	14.3	15.1	8.4	-44,4
29.01.15	Butadieno, metilbutadieno	-	1.0	7.7	670,0
49.01	Libros	5.5	5.5	7.1	29,1
85	Máquinas y aparatos eléctricos	4.5	3.9	6.7	71,8
41	Pieles y cueros	3.1	5.5	7.1	29,1
73.31	Puntas, clavos, etc. de fundición hierro o acero	4.0	2.6	6.7	157,7
93	Armas y municiones	2.4	4.5	6.5	44,4
97	Juguetes, juegos, artículos para recreo y deporte	2.9	3.7	6.1	64,9
15.07	Aceite de oliva	6.2	7.1	6.0	-15,5
20.02.98	Pimientos envasados	2.1	7.6	6.0	-21,1
69.13	Estatuillas cerámicas	4.5	5.2	6.0	15,4
82	Herramientas, art. de cuchillería y cubiertos de mesa	4.7	3.8	5.8	52,6
94	Mobiliario médico quirúrgico, muebles	3.5	4.4	5.4	22,7
83	Manufacturas diversas de metales comunes	9.2	6.3	5.4	-14,3
32.07	Materias colorantes	4.1	3.9	5.3	35,9
20.01.80	Legumbres, hortalizas, frutas preparadas o conservadas en vinagre o ácido acético	-	1.9	5.1	168,4
42	Artículos de cuero	4.8	4.8	4.7	-2.1
73.10	Barras de hierro y acero	5.0	4.5	4.5	-
71.12	Bisutería y joyería	3.5	3.4	4.2	23,5
73.20	Accesorios de tubería, fundición hierro o acero	3.3	3.5	4.0	14.3
16.04	Conservas de pescado	3.4	4.0	2.5	-37,5
25.23	Cementos hidráulicos	5.2	3.4	2.4	-29,4
22.09.81) 22.09.91)	Brandies y similares	3.7	5.0	2.3	-95,4
27	Productos petrolíferos	10.3	24.7	0,6	-97,6
A	Total	371.7	428.9	477.2	11,3
B	Total exportación	541.8	573.5	644.4	12,4
C	%A/B	68,6	74,8	74,1	

NOTA SOBRE EL COMERCIO ENTRE ESPAÑA Y LOS ESTADOS UNIDOS DURANTE EL PRIMER SEMESTRE DE 1982

(CONTINUA DE LA PAGINA 4)

(+ 95,4%), máquinas herramientas (+ 275,6%), hidrocarburos (+ 41,5%), y tabaco en rama (+ 35%). Entre los descensos solo cabe destacar el tabaco elaborado (+ 53,7%) y los reactores nucleares (- 49,8%(.

EXPORTACIONES

Como ya se indicó anteriormente, las exportaciones españolas a los Estados Unidos, durante el primer semestre del año 1982, han alcanzado la cifra de 644.000.000 dólares, con un incremento del 12,2 por ciento sobre el mismo período del año anterior.

En el cuadro número 4 se recoge la evolución de los principales renglones de la exportación española a los Estados Unidos. Se han seleccionado aquellos productos que han alcanzado una exportación mínima de 2,3 millones de dólares. Se ha incluído igualmente el capítulo 27 del arancel—productos petrolíferos—que no ha alcanzado la cifra mínima anteriormente señalada, para poner de manifiesto el fuerte descenso que ha experimentado, al pasar de 24,7 millones de dólares en 1981 a 0,6 millones en 1982. En conjunto los productos considerados representan el 74 por ciento de la exportación española total a los Estados Unidos.

Destaca la recuperación experimentada por el calzado, con un incremento del 34,2 por ciento al alcanzar 113.800.000 dólares. Igualmente es de destacar el crecimiento registrado por los equipos de proceso de datos (+ 103,2%, y 38.000.000 dólares), exportación prácticamente inexistente hace dos años y que responde a las exportaciones realizadas por la filial española de la más importante multinacional del sector hacia los Estados Unidos.

El capítulo 73 del arancel, que se recoge desglosado en el cuadro, muestra una clara desaceleración que probablemente continuará en el segundo semestre del año, en parte debido a los problemas planteados por la Administración norteamericana a las importaciones de acero.

Entre las disminuciones, aparte de las ya comentadas, destacan las de los neumáticos (- 33,5%), aceite de oliva (- 15,5%), conservas de pescado (- 37,5%), pimientos envasados (- 21,1%), cemento (- 29,4%) y brandies y similares (- 29,4%(.

En el lado positivo, destacan las alzas experimentadas por el butadieno (+670%), aceitunas (+10,6%), máquinas herramientas (+33,3%), armas y municiones (+44,4%), juguetes y artículos para deporte (+64,9%), y el capítulo 82, herramientas y cubiertos de mesa (+52,6%). □

Mrs. Jaime de Piniés

Luz de Piniés, wife of Jaime de Piniés, Ambassador of Spain to the United Nations, died on February 17th after a long illness. One of the most beloved members of the Spanish and diplomatic communities, Mrs. de Piniés was active in the Spanish Institute and other cultural and charitable organizations, and in 1981 was presented with Spain's *Lazo de Dama de la Orden de Isabel la Católica* in recognition of her contributions. At the same time, she was presented with a special Gold Medal by the Spanish Institute in appreciation for her dedication to its work and her chairmanship of the Institute's annual fund-raising Gold Medal Awards Gala.

Luz de Piniés will be greatly missed by all who knew her. Chamber President Ricardo Jove, on on behalf of the officers, directors, members and staff of the Chamber, has expressed our deepest sorrow and sympathy to her family.

Chamber's Annual Dinner-Dance on April 23rd to Celebrate the "Sister Cities," Madrid and New York

The Chamber's annual Dinner-Dance, which will be held at the Pierre Hotel on Saturday evening, April 23rd, will celebrate the agreement making Madrid and New York "Sister Cities," which was signed in New York in June 1982. Mayors Enrique Tierno Galvan of Madrid and Edward I. Koch of New York, who signed the agreement, will be the guests of honor at the Dinner-Dance, which is the high point of the Chamber season.

Chamber President Ricardo Jove has been appointed by Mayor Koch to serve on the New York-Madrid Sister Cities Committee, which is chaired by Edgardo N. Vazquez. The committee is coordinating a series of cultural, economic and educational exchanges between the two cities which began with "Madrid in New York Week" in the Fall.

Further details on the Chamber gala will be forthcoming soon, but meanwhile plans are being made for an outstanding event and Chamber members should mark their calendars for April 23rd.

Banca Catalana Appoints Carlos Ros as U.S. General Manager

Carlos Ros has been appointed General Manager in the United States of Banca Catalana, replacing Howard Dunnington. The Chamber wishes Mr. Ros success in his new post.

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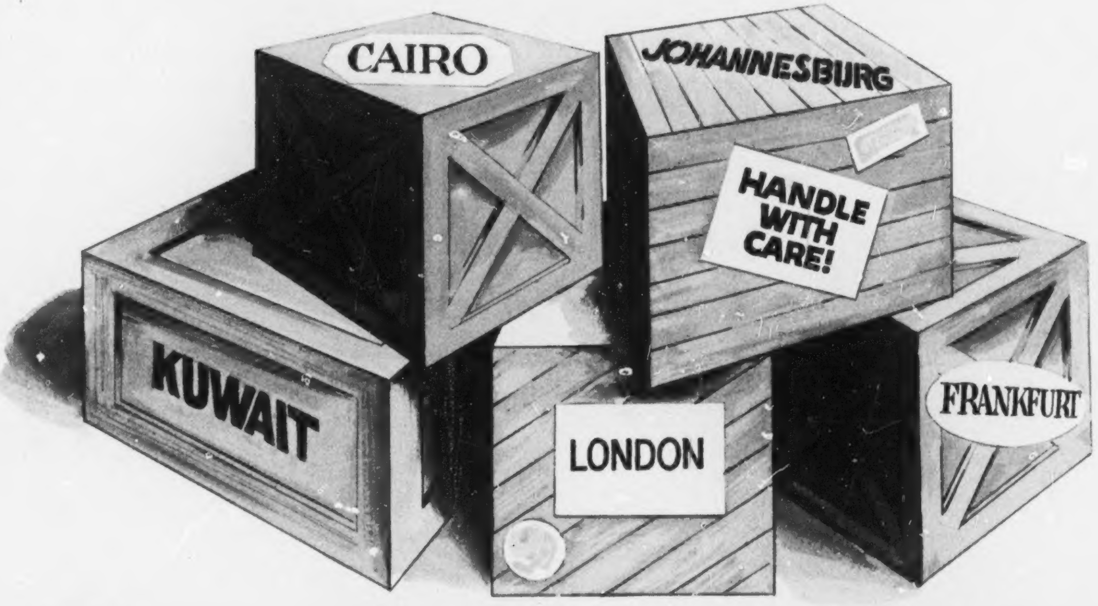

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By JOSE L. SAN PIO and FERNANDO BAUTISTA
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The Spanish Corporate Income Tax

> "The Regulations of 1982...are, in fact, the first regulations on the Corporate Income Tax in seventy years, and their detailed analysis of financial accounting principles will make them a reference point not only for the fiscal aspects of companies but also for their accounting methods."

I. INTRODUCTION

Recent legislative changes in the Spanish Corporate Income Tax system invite us to make a summary description of the system. For the benefit of those without a legal background, we have purposely avoided going into a very deep analysis.

Since 1977 Spain has introduced very important modifications in its fiscal system. Milestones are the Law 50/77 of November 14, 1977 of Tax Amnesty; Law 61/78 of December 27, 1978 enacting the Corporate Income Tax; the recent Royal Decree 5631/82 of October 15, 1982 approving the Corporate Income Tax Regulations; and, finally, Royal Decree-Law 24/° of December 29, 1982, which contained urgent measures on budgetary, financial and fiscal matters, including substantive modifications in the Corporate Income Tax regulations.

II. LEGAL STRUCTURE

The Law of December 27, 1978 was divided into 34 articles introducing important changes in the system, some of which are:

- Suppression of tax on account.
- Suppression of minimum gross tax.
- Introduction of the legal personality as a requirement for being a corporate taxpayer.
- A broader criterion for the admission of deductible expenses and in the interpretation of inter-period allocation of income and expenses.

The Regulations of 1982 contain 400 articles (four additional, seven temporary, and three final provisions), and they constitute an important legal innovation, not only quantitatively but also from a technical point of view.

They are, in fact, the first regulations on the Corporate Income Tax in seventy years, and their detailed analysis of financial accounting principles will make them a reference point not only for the fiscal aspects but also for the accounting methods of companies.

The political implications of the regulations are not significant. Without ignoring the old aphorism attributed to the late Count of Romanones, "You enact the Laws and let me make the Regulations," we believe, in general terms, that these new regulations are respectful of the principles contained in the 1978 Law.

As can be determined from the enactment date, the Regulations of 1982 are not the product of a governmental change, but followed on a large and detailed study made by the former Government. In spite of some rumors of political or social bias, the Regulations should be considered as a technical instrument which provides a logical structural base for the present Corporate Income Tax.

III. TECHNICAL STRUCTURE

The technical structure of the Corporate Tax follows the classical form, simple in its general description but gradually getting more complicated. It is explained in chart No. 1. The first step is to determine the acts or facts considered as taxable ("Hecho Imponible" or Taxable Fact). Then the liable subjects ("Sujetos Pasivos" or Taxable Entities) are established.

The quantification of the Taxable Fact is called Taxable Base ("Base Imponible"), and it requires a complicated regulation to clearly set up the value of its positive or negative components.

The Tax Rate ("Tipo Tributario"), which varies according to the type of taxpayer, is applied on the Taxable Base.

The total amount resulting from these calculations is the Gross Tax ("Cuota Tributaria"), on which the tax credits are applied.

The final result is the Payable Tax ("Deuda Tributaria"), which, if it is a positive figure, should be paid to the Treasury. The Administration will refund to the taxpayer any negative amount.

We shall analyze each of the components of this general structure.

IV. ANALYSIS OF THE COMPONENTS OF THE TAX STRUCTURE

A. Taxable Fact.

The Taxable Fact includes any acquisition of income by taxable entities. The income is equal to the total amount of revenues received by the taxpayer less the amounts expressly permitted by law to be deducted, plus increases and decreases in Net Worth.

Increases and decreases in Net Worth are all variations in the value of the taxable entity's Net Worth.

B. Taxable Entities.

The simple producing of a Taxable Fact on Corporate Income Tax—that is, the simple obtaining of income—makes the entity liable for the tax under the personal obligation or real obligation systems.

Under the personal obligation system, liable entities are Spanish resident entities. For Income Tax purposes, companies incorporated under Spanish law are considered resident companies, as are those having their registered offices or official places of management in Spain.

Liable entities under the real system are those entities not residing in Spain which obtain income within Spain. These entities are taxed only on the income obtained within Spain, and not on income obtained as a result of their activities outside Spanish territory.

The entities liable for real obligation may obtain income in Spain either through a permanent establishment ("establecimiento permanente") or without a permanent establishment. Different regulations are applicable in individual cases.

C. Taxable Base.

The Taxable Base is determined by the full income obtained in the fiscal year by the taxable entity, less any negative tax bases from prior fiscal years.

The full income is the total amount of revenues less deductible expenses plus increases or decreases in Net Worth.

The structure is clear, but the sophistication of the modern fiscal law requires an exact determination of the Net Worth and of the revenues and deductible expenses, by means of a strict relationship between fiscal law and financial accounting in order to avoid discrepancies which could jeopardize the ability to collect of the Public Administration.

The current Corporate Income Tax Regulations systematically establish the accounting principles to be followed in the preparation of the returns. In the long run, following these principles might require a modification of accounting procedures, in the short term only a simple note on the account is required.

It is not possible in this brief article to describe in detail the systems of valorization established in the Regulations. However, it is necessary to outline the system of revenues and deductible expenses, the system of establishing increases and decreases of Net Worth, and the offset of losses.

1. Computable revenues and deductible expenses.

Revenues and expenses will be allocated in the period in which they were accrued, not in the period in which they were collected or paid. In installment operations, however, the revenue may be allocated when collected.

- Revenues consist of income derived from all kinds of activities developed by the taxable entity and income derived from the assignment to a third party of rights or assets.
- Deductible expenses are those produced in the obtaining of the revenues and those derived from the depreciation of the assets employed in the obtaining of the revenues. The most important of them are:

a) Necessary expenses:

Cost of acquisition of goods and services.
Contributions to the Social Security System.
Salaries, wages, and payments for professional services.
Social charges.
Amounts contributed by the corporation to pensions and other plans for the benefit of the employees (the fund administration shall not be managed by the company).
Financial expenses.
Expenses incurred in the maintenance and repair of Net Worth.
Additions to bad debt reserves (broadly interpreted by the Regulations.

b) Depreciation:

Taken on all tangible assets (except land) of the corporation and on intangible assets, if admitted.
The depreciation systems and conditions are technically established in the law and its regulations.

c) Write off:

Write offs and other permitted expenditures are also deductible in accordance with the law.

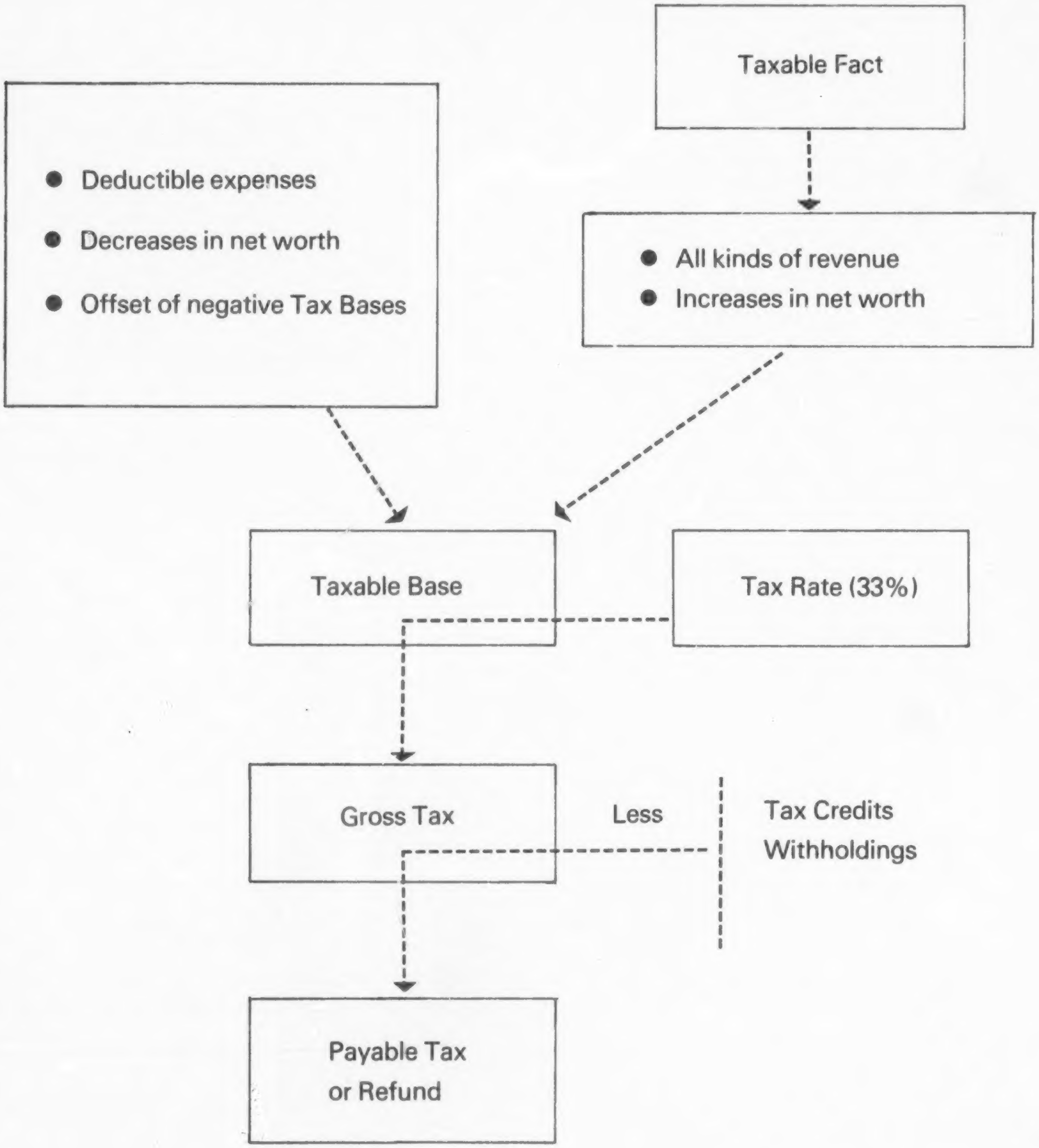
2. Increases and decreases in Net Worth.

Increases and decreases in Net Worth are the variations in the value evidenced at the time of a transfer of the assets which compose the Net Worth.

Unrealized variations in Net Worth are recognized for tax purposes when they are shown in the accounting books of the corporation—i.e. through the unauthorized re-evaluation of assets. On the other hand, unrealized losses will have no tax effect unless expressly authorized.

Contributions to the Capital Stock of the company, as well as transfers subject to the Inheritance and Gift Tax, are not considered as variations in Net Worth. Non-deductible gifts and donations and unjustified losses are not recognized for tax purposes.

Chart 1: General Taxable System


Taxable Fact
Deductible expenses
Decreases in net worth
Offset of negative Tax Bases
All kinds of revenue
Increases in net worth
Taxable Base
Tax Rate (33%)
Gross Tax
Less
Tax Credits
Withholdings
Payable Tax or Refund

In general, the amount of a variation in Net Worth is the difference between the cost of acquisition and the proceeds of the sale.

Unrealized variations are measured by the difference between the values stated in the corporation's accounting records before and after the unauthorized revaluation.

3. Offset of tax losses.

If, following the applicable rules, the Taxable Base is a negative figure, it may be carried forward for a period of five fiscal years.

Non-resident entities without permanent establishments in Spain and deriving income within Spanish territory are not permitted to offset losses. Permanent establishments with continuous activity may offset the negative Taxable Base in accordance with general rules, but only against positive Taxable Base earned and imputed to the said permanent establishment.

D. Tax Rates.

They are applied to the Taxable Base.

The various rates, depending on the nature of the taxpayer, are as follows:

- General Rate: 33%.
- Rate applicable to Savings Banks (Cajas de Ahorro, Cooperatives, Rural Savings Banks (Cajas Rurales) and Mutual Insurance Companies (Mutuas Generales de Seguros)................................. 26%.
- Governmental agencies in charge of Social Security, Catholic Church and other Registered Religious Associations, Mutual Protection Companies, Spanish Red Cross, political parties, unions, and charitable and non-profit organizations are generally exempt. However, income obtained by them as a result of economic exploitation, transfer or assignment or increases in Net Worth, is taxed at the special rate of 15%.

E. Gross Tax.

The amount obtained by applying the Tax Rate to the Tax Base is known as Gross Tax.

From the Gross Tax, a number of Tax Credits can be deducted.

Some credits have been created for political and economic reasons. The Public Administration uses these credits as tools to increase and maintain employment, to support cooperativism, to encourage corporate investments, and to protect certain geographical areas. Other credits have been created to avoid the fiscal injustice which would result from double taxation of dividends and double international taxation. We shall examine some of those:

1. Tax Credits to avoid the Double Taxation of Dividends. When dividends distributed by other corporations residing in Spain are taxed, a reduction equivalent to 50% of the amount of the dividends is alowed on the attributable portion of the Tax Base. If the corporation receiving the dividend payment owns more than 25% of the stock capital of the corporation paying the dividends, or the dividend is being paid by a holding company or a temporary union of corporations, the allowed reduction can be increased to 100%.

2. Tax Credits to avoid Double International Taxation. Spanish companies are allowed a Tax Credit for foreign income taxes paid on foreign-source income. The limit of the credit is the lesser figure of either the foreign tax paid or the tax that would have been paid in Spain if the income had been obtained in Spain.

3. Investment Tax Credits. Generally, a portion of the amounts invested in the acquisition of new fixed assets, in the maintenance or increase of the payroll, or in the investigation and development of new industrial banks, can be deducted as a tax credit.

The limit of the credit which can be deducted varies between 10% and 15% of the total amount invested, but not exceeding 20% or 30% of the gross tax of the particular fiscal year. The excess can be carried forward for the next two fiscal years, with the same 20% or 30% ceiling on each year.

4. Tax credits on revenue from certain loans and from the issuance of certain bonds. Foreign banks and financial institutions may deduct up to 95% of the attributable portion of the Payable Tax when the loans are made to Spanish companies performing public services. A similar tax credit is available to Spanish or foreign companies for earnings obtained from bonds issued by Spanish companies to generate funds to be used in financing real investments.

F. Withholdings.

A 16% withholding is required on payments to other companies of taxable earnings. The company which has suffered the withholding is allowed to deduct the same when filing its return.

The system of withholding at the source, as it is technically called, presents two advantages: First, it permits the tax burden to fall immediately after the income is produced or received, and as a result gives the fiscal system the possibility of influencing the economic situation. Second, it allows the taxpayer to allocate his taxes throughout the fiscal year as he receives his income, and thus avoids any cash flow problem at the end of his fiscal year.

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are the interest and commissions on loans which constitute the regular activity of banks, savings banks, and other financial institutions residing in Spain, or of the permanent establishments in Spain of such institutions when residing abroad; and the rentals, royalties, and any other consideration flowing from the contribution of capital or rights which constitute income deriving from the habitual operations of entities subject to the Corporate Income Tax. The reason is that non-application of withholdings to such income obviates any detriment to those receiving it which would arise owing to the fact that such withholdings would largely exceed the tax payable by such entities.

G. Payable Tax.

The amount resulting after the deduction of the tax credits and withholdings is called Payable Tax. If a positive figure, a payment is due to the Treasury. Otherwise, the Administration will return it to the taxpayer or will apply it to the taxpayer's other fiscal debts.

H. Special Systems.

1. Taxation of foreign entities. Foreign entities will be fiscally liable in Spain by real obligation, that is, based on the fact that income has been obtained in Spain. Before being able to transfer such income abroad, the payment of the tax must be evidenced.

Foreign companies, also known as non-resident companies, are classified into two main groups: Those with a permanent establishment in Spain and those without one. (See Chart No. 2).

a) Taxation of non-resident entities with a permanent establishment in Spain. The provisions of the Treaties for the Avoidance of Double Taxation prevail as regards the definition and tax treatment of permanent establishments. Spain and the United States of America have no treaty between them. Spain, however, has signed treaties with the following countries: Norway, Switzerland, Austria, Germany, Finland, Portugal, Belgium, the Netherlands, Brazil, France, Sweden, Japan, the United Kingdom, Italy, Rumania, Canada, and Czechoslovakia.

According to the Regulations of 1982, permanent establishments are classified as follows:

(i) Permanent establishments with continuous activity. Those that complete a mercantile cycle through a basic administrative or technical structure, directly or by means of an attorney in fact, headquarters, branches, offices, factories, workshops, installations, warehouses, wine quarries, oil or gas wells, agricultural, forest or livestock operations, or any other site of extraction of natural resources; or those that carry out professional or artistic activities on a continuous or regular basis. The tax liability shall be determined by applying the general system above described with the % tax rate, but with some exceptions; the exceptions are mainly in the areas of deductible expenses and allowed credits.

(ii) Permanent establishments with sporadic activity. This category will generally include construction or assembly works lasting more than twelve months; services of any type in favor of third parties during a period of more than 183 days in one annual period; economic operations engaged in, or to be engaged in, for a period of no more than three years.

These entities may generally opt between being taxed as a permanent establishment with continuous activity or in accordance with the rules applicable to entities without a permanent establishment, with some minor peculiarities, especially in the areas of tax credits and withholdings.

(iii) Permanent establishments which do not complete a commercial cycle. This generally refers to those non-resident entities having an installation or working facilities in Spain, the products of which are for their own use.

In this case, the Tax Base shall be determined by applying to the expense figure of the establishment the percentage approved by the Ministry of Economy and Finance. The gross tax shall be determined by applying the general tax rate of 33% to the Taxable Base obtained following the above-mentioned procedure. Notwithstanding the above, the general rules governing the increases and decreases in Net Worth shall still be applicable. Tax credits are not allowed. Finally, the fiscal year shall coincide with that of the parent company.

b) Taxation of non-resident entities without a permanent establishment in Spain. These entities are those obtaining income in Spain without the administrative structure or without the above-mentioned qualifications of the permanent establishments.

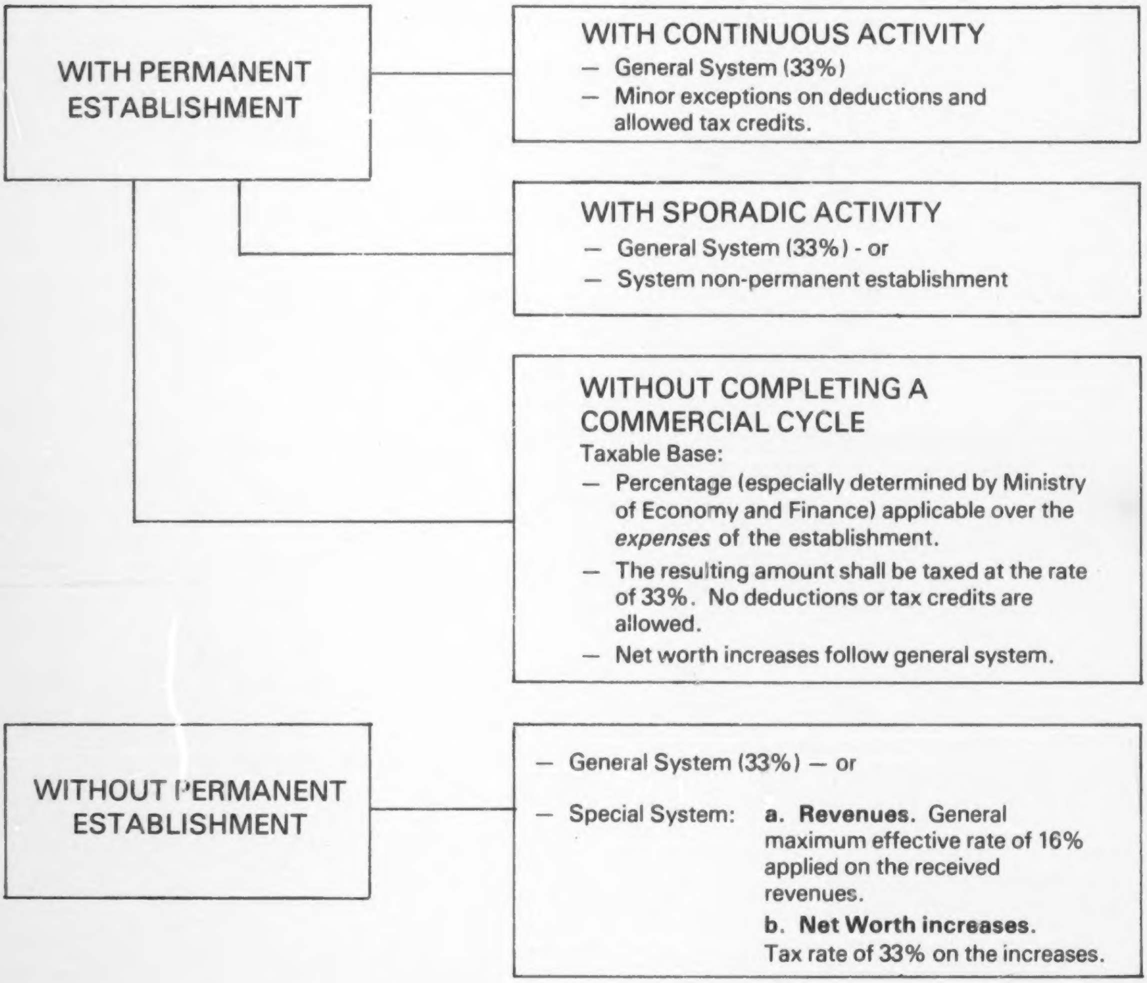
These entities shall designate an individual or corporation domiciled in Spain to represent them before the Tax Administration. An important innovation of the Royal Decree-Law of December 29, 1982 is that such representative has been made severally liable for the payment of the tax.

Non-resident entities without a permanent establishment can optionally elect one of the following taxation systems:

(i) The General System: 33% tax rate.

(ii) The Special System, which is generally recommended, due to its simplicity and the fact that it generally represents an important tax saving. As a matter of fact, the maintaining and extension of the advan-

Chart 2: Taxation of Foreign Entities



WITH PERMANENT ESTABLISHMENT

WITH CONTINUOUS ACTIVITY
- General System (33%)
- Minor exceptions on deductions and allowed tax credits.

WITH SPORADIC ACTIVITY
- General System (33%) - or
- System non-permanent establishment

WITHOUT COMPLETING A COMMERCIAL CYCLE

Taxable Base:
- Percentage (especially determined by Ministry of Economy and Finance) applicable over the *expenses* of the establishment.
- The resulting amount shall be taxed at the rate of 33%. No deductions or tax credits are allowed.
- Net worth increases follow general system.

WITHOUT PERMANENT ESTABLISHMENT

- General System (33%) — or
- Special System: **a. Revenues.** General maximum effective rate of 16% applied on the received revenues.

  b. Net Worth increases. Tax rate of 33% on the increases.

tages of this special system by the present Spanish Government can be interpreted as a political willingness to support foreign investments in Spain. The tax rate applicable to increases in net worth is 33%. The rates applicable to revenues have been fixed by the Royal Decree-Law of December 29, 1982, with effect as of January 1, 1983, as follows:

a) An effective rate of 10% of the revenues paid by the Spanish company to its parent abroad on formally-agreed services in support of management.

b) An effective rate of 7% of the revenues obtained from the licensing or leasing of motion pictures.

c) An effective rate of 16% in general.

2. The system of "Fiscal Transparency." The application of the so-called "Fiscal Transparency" system means the attribution to the shareholders of the profits or losses obtained by the company. It is the Spanish equivalent of a Subchapter S corporation in the United States.

A corporation is subject to the fiscal transparency system if it is a security investment company whose shares are not officially quoted, or if it is a holding corporation when more than 50% of the capital stock belongs to a family group or to ten or fewer shareholders.

All other companies may choose the fiscal transparency system if they do not have more than 25 shareholders at any time during the fiscal year and their stock capital does not exceed one hundred million pesetas. ☐

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FROM 'EL COMERCIO HISPANO-BRITANICO'

The Wines of Navarra

Ernest Hemingway, in *The Sun Also Rises,* brought worldwide attention to Pamplona, capital of Navarra, to the fiesta of San Fermin, to the running of the bulls...and to Navarra's fine cuisine and excellent wines.

WE KNOW LITTLE about the primitive inhabitants of Navarra, and the little we do know is very controversial. Archeologists and anthropologists have never reached definite conclusions. Nevertheless, the evolution of Navarra has been parallel to that of the rest of Europe from the Paleolithic era through to the age of Cro-Magnon Man, the Neolithic period, and the Bronze Age, all of which have shaped customs and ways of life; and new techniques introduced through the Indo-Europeans have gradually developed an economy in which agriculture predominates.

About 179 B.C., Tiberius Sempronius Gracus "Romanized" the Ebro Valley, and in 75 B.C. it is reported that Pompey's troops were supplied with provisions from the area.

We believe that wine was provided, as five Roman wine presses, with lead pipes, capable of dealing with more than 75,000 liters have been unearthed at Funes.

At the end of the 19th century, most of the vineyards of Spain, as well as those of Europe, were destroyed by phylloxera. Navarra was badly affected, and many farmers were obliged to emigrate.

The people of Navarra, however, did not give up, and with the help of their local government and the efforts of those farmers who had remained, local vines were grafted on to American rootstocks proven not to be vulnerable to the disease. With this tedious, expensive, and time consuming task over, Navarra had acquired the basis for better wines than she had had previously. Once into the 20th century, an abundance of excellent fruit was harvested by owners of small holdings who also had their own small bodegas.

These hopeful and hardworking men met in Olite at the invitation of the parish priest and founded the first cooperative bodega of Navarra. This union offered not only great promise for the future, but, at a practical level, a place for the promotion and study of their mutual interests.

Ernest Hemingway, who won the Nobel Prize for literature in 1953, in 1926 published his novel *The Sun Also Rises,* the second part of which takes place during the fiesta of San Fermin in Pamplona. Thanks to this work, the capital of Navarra and its fiestas became known worldwide. In his work, Hemingway praised the virtues of Navarra wine; "he enjoyed food," as a biographer put it, "and in Pamplona he found restaurants and inns where he sampled traditional dishes washed down with the good Navarra wines he was to remember all of his life."

THE WINES OF NAVARRA

PROTECTED on the north by the Pyrenees and having the cooling influence of the Atlantic, Navarra enjoys a temperate climate ideal for viticulture.

The most important grape growing districts are on the great plains of the Ebro Valley, where chalky materials make up most of the soil, which is deep, variable in its texture and chemical fertility, light and aerated with a predominance of themofilic flora, all factors which demonstrate its suitability for the cultivation of vines.

The wines of Navarra are blended, and it is the skill of the blender and *bodeguero* (cellar master) that count. The wines used include the Garnacha (related to the French grenachel), Tempranillo, Monastrell, Viura, Graciano and Malvasía. For the red wines, traditionally a blend of about 70-80% garnacha with 20-30% tempranillo and graciano is used. But each bodega has its secret proportion. Garnacha is the predominant variety; it ripens late, yielding wine of a relatively high alcoholic content and giving lightness and strength to the wine. The tempranillo, on the other hand, ripens earlier and yields a somewhat rounder wine which gives soft body. Smallish quantities of graciano give freshness and aroma.

Generally, the *vendimia* (harvest) begins in October. The harvest in Navarra is strictly controlled, with production quantities defined by law and subject to supervision by the *Consejo Regulador* (Control Committee).

Eighty percent of Navarra wines are red. Whole bunches of grapes, after removal of the stalks, are placed in wooden, stainless steel, or cement vats for fermentation, which takes about twenty days. As soon as this is completed the new wine is transferred into clean vats, where malolactic fermentation is allowed to occur. During this second fermentation malic acid becomes lactic, which gives smoothness to the wine.

Racking is now carried out into *barricas bordelesas* (oak casks of 225 liters), which is the start of an ageing process which may last several years; the actual time depends on the degree of maturation required for each wine.

During the ageing process the traditional practice of racking takes place several times during the year until such time as the wine is perfectly clear. When the process of ageing in cask is completed, the wine is finally bottled. The new bottles are stacked in cellars, where the wine slowly develops its aroma and flavor.

The length of bottle ageing depends on the nature of each wine and the length of development of the wine in cask.

Just before the wine is released for sale, the bottles are washed and labelled. At the same time a control backlabel is given by the Consejo Regulador to guarantee strict conformity with its rules.

Rosé and white wines are also produced in Navarra. Rosé wine is produced by removing the must from the grape skins after only a very short period so that the wine is less influenced by the color of the grape skins and retains the fruitiness of the grape.

Navarra also produces excellent clean, fresh and fruity white wines.

THE PRODUCTION of wine in Navarra, as in other demarcated regions of Spain, is closely monitored by the Instituto de Denominación de Origen (INDO), a division of the Spanish Ministry of Agriculture, and controlled by the Consejo Regulador, an administration-growers control committee.

The control system includes extensive modern laboratories in Olite and the certification of all wines. Compliance with overseas markets certification requirements presents no difficulty.

Geographical position of Navarra

Navarra, at the foothills of the Pyrenees and forming the frontier with France, has a privileged geographical situation which permits easy access to international markets through the ten routes crossing the French frontier. It is well connected with Madrid by two important roads, and is four hours by motorway from Barcelona.

Pamplona is 88 miles from Bilbao, the main port of northern Spain, and 44 miles from Pasajes, the port near the French frontier.

Pamplona has its own airport, with daily flights to different parts of Spain, and within 50 miles is an international airport which is an air bridge to the rest of the world.

Exports. The wines of Navarra are highly competitive in quality and price in international markets, and 20% of Navarra's 1981 production, which totalled approximately 61 million liters, was exported. ☐

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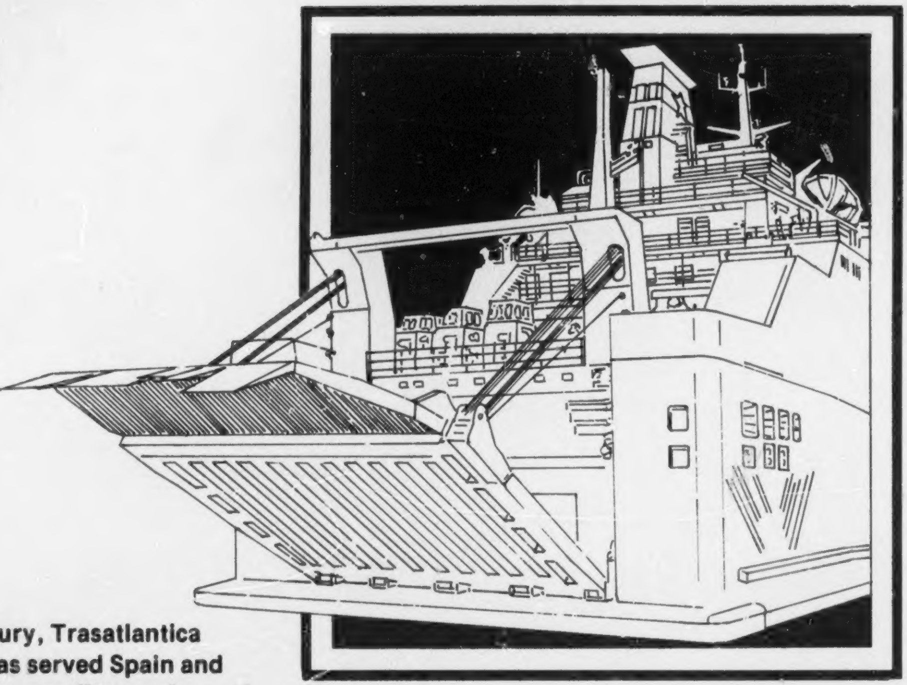

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A STUDY BY EXTEBANK

Spain's External Debt

> "The level of external indebtedness reached by our economy, though significant, may be considered as tolerable and not at all excessive when it is compared with those of other countries and other economic magnitudes."

THE SERIOUS DIFFICULTIES experienced by various countries in meeting payments on their external debt, difficulties which threaten the stability of the international financial system, have led many economists to be concerned by Spain's situation in this connection, in view of the significant increase in Spain's foreign debt in the last few years, which reached a figure of $27,441 million in June 1982 vs. $3,500 million in 1973.

This gradual increase in indebtedness and increasing recourse to external financing is due, above all, to the demand for long-term facilities by many enterprises, public as well as private, in order to carry out their investment, adjustment and restructurization objectives—facilities which the domestic market was unable to provide due to a lack of liquidity or to unfavorable interest rate differentials.

The public sector found it necessary to resort to external financing because of the drop in public savings, the significant losses experienced by certain public enterprises, and the need for funds for carry out their industrialization projects.

At the same time, to resort to external credit is also a proceding which is followed to offset current account deficits and to avoid reducing the country's foreign currency reserves.

The level of external indebtedness reached by our economy, though significant, may be considered as tolerable and not at all excessive when it is compared with those of other countries and other economic magnitudes. It is highly improbable that Spain could have difficulties in the future due to this indebtedness.

In fact, according to the ratios most frequently considered when assessing the external solvency of a country, the situation of Spain is acceptable and rather flexible as compared with other countries of a similar level of development. The debt service/export ratio—i.e. the ratio between interest payments, annual debt amortization, and the exports of goods and services during the same year—though it has increased from 11.4% in 1973 to 19.8% in 1981, is still within the limits tolerated by international organizations and is exceeded by several countries.

The external debt/GDP ratio, which reached 14.7% in 1981, was far higher in several OECD countries (Finland, Norway, Austria, Sweden, Portugal, etc.) and in most developing countries (Brazil, Korea, Venezuela, etc.). The reserves/indebtedness indicator, which is at the 42% level in Spain, is also at an acceptable level on an international scale, higher than those recorded by Denmark, Norway, Greece, Portugal, etc. Finally, according to the classifications by risk levels of certain specialized magazines, Spain is listed among the first third of countries, which means that is considered internationally as a solvent borrower.

As far as lenders are concerned, special mention must be made of the gradual loss in relative significance of loans granted by the external public sector, which have stayed at a level of around $2 billion since 1975, their relative share dropping from 25% in 1975 to 9% in 1982, and tending to disappear completely.

The recourse to private financial markets has markedly increased, and presently covers almost all our external financing (91%), foreign banks being first with 68%, followed by foreign branches in Spain with 10.7%. The greater numer of international loans from the Euromarket has increased the cost of credit, which explains the continuous increase in the interest payable on the external debt ($3,800 million in 1981).

One of the most unfavorable aspects of our foreign debt is the significance of Euromarket syndicated loans, due to the limited diversification of risks they entail, most of them (68%) being underwritten in dollars and with varying interest rates (85%). Under these conditions, any upward movement of the dollar or any interest rise (Libor or Prime Rate above all) increases our external indebtedness; it is thus necessary to diversify even more the foreign currencies as well as the markets and corresponding terms (bond markets, fixed interest rates, etc.) in order to avoid a further increase in the cost of our debt.

Lastly, if one analyzes the composition by borrowers of the indebtedness from 1977 on, when it was distributed equally between the public and private sectors, one observes a gradual increase in the coverage by part of the private sector—up to 57% of the

(CONTINUED ON PAGE 24)

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Urgent Measures on Taxation

This discussion of the Royal Decree Law of December 29, 1982, which made important adjustments in individual and corporate taxation, is complementary to the more detailed analysis by José L. San Pío and Fernando Bautista on the Corporate Income Tax beginning on page 9.

ROYAL DECREE LAW No. 24 of December 29, 1982, published in the Official Gazette on December 31, 1982, includes certain urgent measures concerning the state budget and financial and tax matters, applicable as of January 1, 1983.

The following are the most important tax regulations included in the Royal Decree Law:

1. Taxation of Individuals.

a) Tax credits. Tax credits of a personal or family nature are increased slightly. The general deduction is set at Ptas. 16,500 and the same amount has been set as a credit for the wife. If more than one member of the family unit has an annual net earned income in excess of Ptas. 150,000, the general credit is multiplied by 1.5.

A credit may be taken for investment in a home, for subscription to blue chip securities (*cotización calificada*) and in fixed assets used for business or professional purposes.

As from January 1, 1983, a tax credit may not be taken for the purchase of blue chip securities, only for the subscription to new issues.

The maximum investment that can quality for the tax credit cannot exceed 30% of taxable income.

b) Increases in wealth. Capital gain obtained from the sale of the taxpayer's home is exempt if the total amount realized is reinvested in a new home. However, if the amount of the sale exceeds Ptas. 15,000,000 the difference does not qualify for exemption.

c) Short form return. These can be used by taxpayers whose annual earned income does not exceed Ptas. 1,500,000.

d) Withholding taxes. Withholdings on account of the taxation of individuals and of the taxation of corporations is set at 16% for dividends, interest and royalties.

e) Tax rates. The Royal Decree Law does not include new tables for the taxation of individuals applicable for 1983, thus in principle the previous tables apply with the maximum of 40% of taxable income or 55% when taken together with the wealth tx. However, it is quite possible that new tables may be established when the state budget law is approved.

2. Wealth Tax.

Article 7 of Law No. 50 of November 14, 1977 has been modified so that the minimum exempt amounts established in the state budget law for 1982 are now permanent.

3. Taxation of Corporations.

a) Savings banks and general and cooperative insurance institutions. The rate has been increased to 26% as of January 1, 1983.

b) Investment tax credit. The wording of Article 26 of Law No. 61 of December 27, 1978 has been changed so that it is no longer possible to take a tax credit on subscriptions to blue chip securities *(cotización calificada)*.

The tax credit on investments set out in the state budget for 1982 is maintained for 1983, except as regards subscription of securities.

c) Foreign currency transactions exceeding one year. The criteria established in the regulations which were approved by the Royal Decree of October 15, 1982 have been modified so that it is now acceptable to adjust all foreign currency balances to the closing exchange rate.

Exchange differences on foreign currency balances relating to the financing of assets cannot be adjusted by applying them to the assets.

d) Doubtful debts. The Ministry of Economy and Finance will establish maximum coefficients for the provision for doubtful debts. It is not clear whether the coefficients included in the previously mentioned regulations can be used.

In any event, the coefficients would not be applicable to amounts guaranteed by mortgage, guaranteed by government agencies, or owed by associated entities.

e) Exempt organizations. Taxation of non-profit organizations is limited to the amount of withholding tax on interest and dividends obtained, and such income cannot be included with income that is exempt.

4. Taxation of Non-Residents

The way in which tax is payable by non-residents has been changed as of January 1, 1983. The follow-

URGENT MEASURES ON TAXATION

(CONTINUED FROM PAGE 23)

ing effective rates have been established and are applicable on the total amounts accrued:

- 16% as a general rate.
- 10% on amounts paid to the parent company or head office, in the case of a branch, for services connected with the running of the business or for the general expenses referred to in Article 13-n of Law No. 61 of 1978.
- 7% on film rental.
- 16% for services, technical assistance, installation expenses, and in general carrying on business in Spain without a permanent establishment, applicable on the difference between income and personnel expenses and supplies, as to be determined by regulations.

It is important to note that the tax representative and the taxpayer are jointly and severally responsible for the payment of the corresponding taxes.

5. Sales Tax and Provincial Levy

The taxation of sales by manufacturers has been increased and the following rates, including the provincial levy, are applicable as of January 1, 1983:

- General rate, 4%.
- Sales by manufacturers to retailers and consumers 4.60% (previously 4.30%).
- Other sales by manufacturers, 4.30% (previously 3.70%.
- Sales by wholesalers, 0.90%.
- Commercial sales of buildings, 4.50%.
- Public entertainment, excluding cinema shows, 4%.
- Cinema shows, 5.50%.
- Electricity for industrial use, 5%.
- Electricity for street lighting, 10%.
- Electricity for domestic and rural use, 1.50%.

The provincial levy of 5% of the tax rate should be added to the above rates for the supply of electricity.

6. Other Measures.

The Royal Decree also includes measures relating to:

a) Luxury tax, on which the measures contained in the 1982 state budget law continue in force.

b) Transfer tax, on which the rate of 5% for the transfer of buildings is maintained.

c) Excise taxes on spirits, alcohol and beer have been increase.

d) The provisions of the 1982 state budget law are maintained for the business license tax and the urban property tax. □

SPAIN'S EXTERNAL DEBT

(CONTINUED FROM PAGE 21)

total indebtedness in June 1982.

In the public sector, the more significant figures are those recorded by the indebtedness of I.N.I. and its companies (more than $5,600 million), with an increase of almost 400% during the past six months. When considering I.N.I. companies separately, Renfe is the most indebted (6% of the total foreign debt), while the government debt accounts for 8.5% of the total.

As far as the private sector is concerned, the electrical industry comes first (22% of the total), followed by highways (13%) and the petrochemical sector. As in the public sector, one may observe a great concentration of external loans in a limited number of companies.

In concluding this brief commentary, one may assert again that the Spanish external debt is balanced and that despite the level it has reached it is not dangerous, inasmuch as the loans are not assigned to consumption but to productive purposes, and insofar as a greater diversification of risks—which are too concentrated at present—is being carried out. □

El País Tops in Circulation Among Spanish Newspapers

El País, a newspapers which has only been on the scene since 1976, achieved first place in circulation among Spanish newspapers in the period July 1, 1980-June 30, 1981, and has increased its lead further in the same period of 1981-1982, achieving an average daily circulation of 268,752 and a Sunday circulation of 425,673.

La Vanguardia, which was in first place with a circulation of 220,127 daily and 287,313 Sunday in 1975-1976, is now second with 196,829 daily and 302,389 Sunday in 1981-1982. Its circulation, however, was at a low point of 186,173 daily and 254,800 Sunday in the 1978-1979 period and has since recovered some ground.

In third place is *As,* with a daily circulation opf 147,243; and in fourth is *ABC de Madrid,* which has decreased from 186,323 daily and 397,689 Sunday in 1975-1976 to 131,545 daily and 292,919 Sunday in 1981-1982.

Another new newspaper, founded in 1977—*Diario 16*—is in fifth place, with a daily circulation of 120,284 in 1981-1982.

According to *El País,* its circulation as of October 1st, 1982 has passed the 345,000 figure daily and 500,000 Sunday, thanks, among other things, to a new Barcelona edition with a daily circulation of over 46,000 in the third quarter of 1982.

FROM THE SPANISH NATIONAL
TOURIST OFFICE

A Market for Photography

"The bursts of color, the variety, and the spontaneous action that go on daily in Spain's markets make them perfect places for practicing and perfecting your photographic skills."

By CHARLES OCHELTREE

Even an outdoor maket like this one in Avila makes for a good photographic study.

THE ROVING EYE of a professional photographer always seems able to divine the best subject matter. The ardent amateur, on the other hand, bedecked in a finery of lenses and up-to-date, don't-have-to-think-twice technology, seems to miss the boat for just plain not seeing it.

Consider this, though, as an answer to your 35mm dreams: A Spanish market. It may sound too simple to be true, but the bursts of color, the variety, and the spontaneous action that go on daily in Spain's markets make them perfect places for practicing and perfecting your photographic skills.

Any and every city and town in Spain has at least one market. As the American-style supermarket has not been taken to heart by the Spanish, most of the daily food shopping is still done in buildings called *mercados*, which are loaded with fish, meat, and vegetable stalls and a catalogue of faces and characters worthy of an anthropological study.

Take Madrid, for instance. Just down the street from the Royal Opera House on the Calle Mayor is the Mercado de San Miguel, a landmark in the downtown area. Inside this gray-painted wrought-iron market, built around the turn of the century, you'll find crates of fresh fish, braces of partridges, ripe tomatoes, and amber cheeses, in a bubbling atmosphere animated by the antics of sellers and shoppers mingling in their patter prices and politics.

Market hunting doesn't mean sacrificing a late morning's sleep. With the Spanish custom of eating lunch at around 2:30 in the afternoon, the activity in the market peaks around 11:00 a.m., which gives you plenty of time to load up your camera. The market's hectic pace hums on until nearly noon, in a see-and-be-seen social affair as important to community relations as Sunday mass.

Spanish markets take on different looks as you move from region to region. In the far northwest region of Galicia, the main market of the provincial capital, Pontevedra, is particularly interesting. The two-tiered building on the Calle Sierra is staffed entirely by women and incorporates a flower market within the food market. The lower level stalls, bulging with hake, cod and clams from the nearby Atlantic, buzz like a public forum. The female peddlers fillet their wares with a flash of their knives, never missing a beat in the conversational tempo. Behind are two patios, lit by huge overhead skylights, bursting with the colors of gladiolas, carnations and roses on sale. Black-clad widows and white-aproned vendors chatter over friendly card games in the corners. Meanwhile, upstairs, the frantic pace is much the same, but green peppers, apples and golden-skinned onions divide the debating teams and the gossipers, in a spectacular array ideal for natural-light photography. All the women sellers pile their hair under white babushkas, exposing rosy-cheeked faces of tremendous character which could be the highlight of a study of Gallegan women.

ON THE MEDITERRANEAN coast, Valencia boasts equally spectacular markets, several of which will no doubt become national monuments in years to come.

(CONTINUED ON PAGE 32)

Preparado por VALDES-FAULI, RICHARDSON & COBB

La Ley Fiscal Sobre Inversiones Extranjeras en Bienes Raíces

For the benefit of Spanish members, this memorandum discusses the new regulatory action taken in the United States by the IRS under the Foreign Investment in Real Property Tax Act (FIRPTA).

Asunto: Presentación de las declaraciones informativas de rigor a los acuerdos de otorgamiento de garantías a tenor de la Ley Fiscal Sobre Inversiones Extranjeras en Bienes Raíces de 1980.

La Ley Fiscal Sobre Inversiones Extranjeras en Bienes Raíces, promulgada por el Congreso de los Estados Unidos en 1980, impone al extranjero, de modo general, un tributo por concepto de la venta o de cualquier traspaso imponible de los intereses que ésta tenga en bienes raíces en los Estados Unidos. Igualmente, la Ley obliga a ciertas personas que, durante un año civil dado tengan intereses en bienes raíces de los Estados Unidos, a presentar una declaración informativa. De conformidad con las más recientes regulaciones del Departamento del Tesoro, es menester que en las declaraciones informativas aparezcan nombrados los propietarios que disfrutan del beneficio que rinden las propiedades inmuebles que se poseen en Estados Unidos. Por ejemplo, los nombres y las direcciones de cada accionista, individualmente, y la proporción de sus intereses en las sociedades por acciones extranjeras o nacionales tenedoras de bienes raíces en los Estados Unidos. El incumplimiento del requisito de presentación da lugar a la imposición de multas bastantes severas, las cuales pueden ascender hasta US$25,000 por cada declaración morosa.

Sin embargo, quedan exentos de hacer la presentación quienes hayan otorgado al Departamento del Tesoro una garantía lo suficientemente considerable, de modo que, de venderse la propiedad, permita pagar el impuesto correspondiente sobre la ganancia realizada. Si se otorga garantía, la propiedad inmueble en los Estados Unidos se tasará en la fecha del cierre del año civil.

Nuestras oficinas con gusto le siministrarán, previa solicitud, un resumen detallado de las nuevas regulaciones, si aún no ha recibido una copia del mismo. No obstante, le rogamos que *de inmediato atienda* a lo siguiente:

1. Aquellas personas que deseen otorgar garantá en vez de presentar la correspondiente declaración informativa deben hacer la solicitud del acuerdo de otorgamiento de garantía para los años civiles 1980, 1981, y 1982 antes del 21 de marzo de 1983. En caso de otorgar garantía para los años civiles 1980, 1981 y 1982, la tasación de la propiedad inmueble de los Estados Unidos tiene que efectuarse antes del 21 de marzo de 1983 o en esa misma fecha.
2. Si se decide no otorgar garantía, entonces las declaraciones informativas correspondientes a los años civiles 1980, 1981 y 1982, deberán presentarse antes del 21 de junio de 1983.
3. Las sociedades por acciones extranjeras (al igual que las sociedades, los patrimonios y los fideicomisos tanto nacionales como extranjeros) que se acojan a la opción de presentar la declaración informativa correspondiente a los años civiles 1980, 1981 y 1982 deberán, antes del 21 de febrero de 1983, proporcionar a cada uno de los principales inversionistas de dicha sociedad por acciones extranjera (u otra entidad) una manifestación que contenga cierta información sobre el inversionista y los intereses que el mismo tiene en la propiedad inmueble de la cual es tenedora esa sociedad por acciones extranjera (u otra entidad).
4. Si una sociedad por acciones nacional fuere una sociedad tenedora de bienes raíces de los Estados Unidos y la sociedad ignora si un propietario registrado dado durante los años civiles 1980, 1981 y 1982 constituye persona extranjero o es candidato a persona extranjera, la sociedad deberá de inmediato notificar al propietario registrado de la posible obligación que pudiere tener en cuanto a la presentación de las declaraciones informativas relativas a los intereses que dicho propietario tiene. Es menester enviar al propietario en cuestión el aviso correspondiente antes del 21 de febrero de 1983. □

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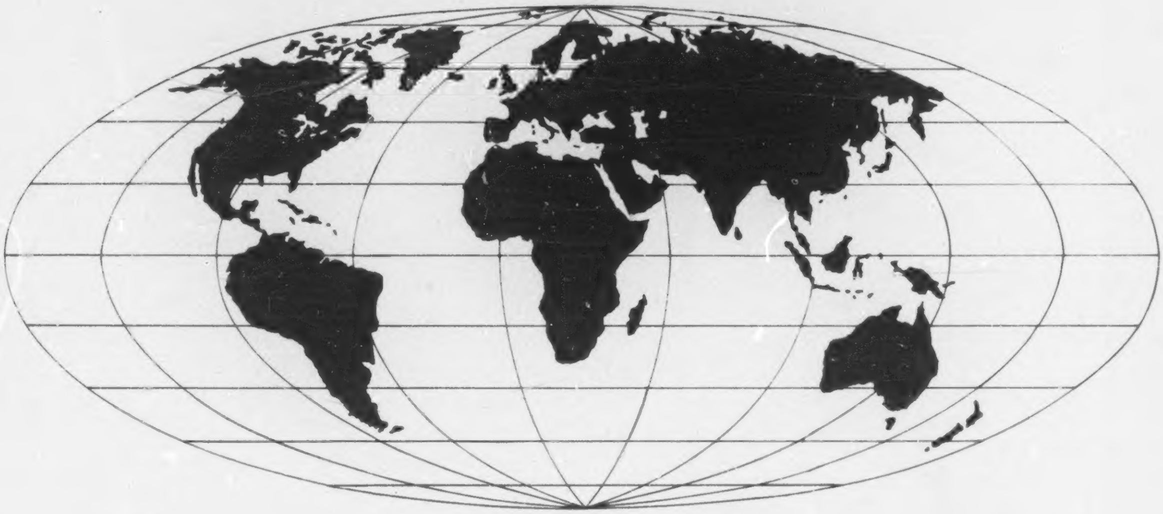

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Prepared by J. & A. GARRIGUES, New York Office

Current Legislation in Spain

A SUMMARY OF LEGISLATION PUBLISHED BETWEEN NOVEMBER 14th, 1982 AND DECEMBER 31st, 1982

NOTE: O.S.G. = Official State Gazette

GENERAL

1. Ministry of Justice. Royal Decree 3215/82 of November 12, 1982 modifying articles of the regulations to the Mortgage Law in accordance with Law 11/81 of May 13, 1981 (O.S.G. November 27, 1982).

As a consequence of the new regulation introduced by Law 11/81 of May 13, 1981, on filiation, parental authority, and marital; economic regime, it has been necessary to modify the Mortgage Law in order to establish clear and precise rules for the recording in the Property Registry of property or liens on property and other rights acquired by one or both of the spouses during the marriage.

This Royal Decree also regulates the different characteristics of the inscriptions in the Property Registry and new rules on procedure and organization.

2. Ministry of Justice. Order of November 18, 1982, modifying the order of April 24, 1982 on civil liability of the Notaries Public (O.S.G. November 27, 1982).

3. Office of the Head of the State. Royal Decree 3285/82 of December 1, 1982, appointing Mr. Felipe González Márquez as President of the Government. (O.S.G. December 2, 1982).

4. Presidency of the Government - Royal Decree 3294/82 of December 2, 1982, appointing Mr. Alfonso Guerra González as Vice President of the Government. (O.S.G. December 3, 1982).

5. Presidency of the Government - Royal Decree 3295/82 of December 2, 1982 appointing Ministers of the Government. (O.S.G. December 3, 1982).

6. General Council of the Judicial Power. Resolution of October 6, 1982 of its Board of Directors (Plenary) approving its orgaization and working regulations (O.S.G. November 24, 1982).

The present Resolution provides the composition of the several organs and sections of the Judicial Power Council and the requirements and system of election of its members. It also sets up the working rules, disciplinary measures, employee regulations, and external activities.

FISCAL

1. Office of the Head of State - Royal Decree-Law 24/82 of December 29, 1982 on urgent measures on budgetary, financing and fiscal matters (O.S.G. December 31, 1982).

The factual impossibility of publishing a new Budgetary Law for 1983 has made necessary, in accordance with article 134 of the Spanish Constitution, the automatic extension of the 1982 Budget Act until April 1, 1983.

In addition, this Royal Decree-Law provides important measures on public financing and fiscal aspects, among which the most important are:

- The total amount to be guaranteed by the State on external credit operations will not exceed 50 billion pesetas.
- The State may guarantee the domestic credit operations of I.N.I. and RENFE up to 18 billion pesetas and 8 billion pesetas respectively.
- Public Agencies and Companies are authorized to grant their own guarantees on the operations of their subsidiaries up to the amount of pesetas established in this Decree-Law.
- The Government is authorized to establish certain measures of financing policy, such as to issue public debt or to increase the Treasury Debt up to the established amounts.

From the fiscal point of view, the following aspects should be mentioned:

a) Personal Income Tax:

- Personal Tax Credits for married people, children, and disabled ancestors and children living with the taxpayer, are increased.
- A general Tax Credit of 1%, temporarily approved previously, has become permanent.
- Tax credits for investments in Public Bonds and Treasury Notes are discontinued.
- The 15% Tax Credit for investments, including the purchase of a permanent residence, is limited to 30% of the taxable income.
- Withholding tax rate on income from dividends is established at 16%.

b) Extraordinary Net Worth Tax.

The exempt amounts established by Law 50/77 of November 14, 1977 are modified. The new amount will be 6 million pesetas in the case of personal obligation. For married people, the exempt amount will be 9 million pesetas and for each child under twenty-five, 750,000 pesetas.

c) Company Income Tax. See the

article on page 9 of this Bulletin.

d) Turnover Tax. The rate applied on sales and transfers of goods is increased by 0.3%.

e) Luxury Tax. The modifications are limited to an increase in the minimums exempted. The tax on purchase of. electrical household equipment is permanently established at 6%.

f) Real Estate Tax. The coefficient of 1.5 to be applied to the result of the corrections made on Catastral (Land Registry) values, is maintained.

ADMINISTRATIVE

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1. Ministry of Industry and Energy. Royal Decree 2994/82 of October 15, 1982, on the return to their original condition of fields affected by mining activities. (O.S.G. November 15, 1982).

2. Ministry of Transportation, Tourism, and Communications. Royal Decree 3093/82 of October 15, 1982 regulating hotel establishments (O.S.G. November 12, 1982).

The basic targets of the new regulation are the following: To provide the consumer with the maximum available information on the services and characteristics of hotels in order to guarantee their free choice; to guide more precisely the builders' decisions on hotel building, furnishing, and services; and to provide a common legal structure to the present Autonomous systems in order to develop a general touristic policy.

The regulation affects companies and establishments hosting persons for a price; guest lodgings and touristic dwellings are excluded. Hostelry establishments are classified in two groups: *Hoteles* and *Fondas.* The hotels are classified as Hotels, Apartment-Hotels, and Motels.

Hotels are classified into five star categories, in accordance with the rules and technical conditions enacted in this Royal Decree.

A badge showing the category of each establishment must be clearly posted.

3. Presidency of the Government - Royal Decree 3138/82 of November 12, 19821 modifying the Technical-Sanitary regulations of preparation, circulation and sale of dehydrated broths and soups (O.S.G. November 24, 1982).

4. Presidency of the Government - Royal Decree 3139/82 of November 12, 1982 modifying the Technical-Sanitary regulations of preparation, circulation and trade of prepared food (precooked and cooked). (O.S.G. November 24, 1982).

5. Presidency of the Government - Royal Decree 3140/82 of November 12, 1982 modifying the Technical-Sanitary regulations of preparation, circulation and trade of dietetic or special regimes products (O.S.G. November 24, 1982).

6. Presidency of the Government - Royal Decree 3141/82 of November 12, 1982 modifying article 15 point 2 of the Technical-Sanitary regulations of preparation, circulation and trade of edible fats and oils, margarines, minarines, and special fats (O.S.G. November 24, 1982).

7. Ministry of Health and Consumption - Resolution of November 19, 1982 of the General Directorate of Pharmacy and Medicines, applying and interpreting the Order of July 15, 1982 regarding packing of material for pharmaceutical products for human consumption, excluding advertising products (O.S.G. December 4, 1982).

8. Office of the Head of the State - Royal Decree Law 22/82 of December 7 on urgent measures of administrative reform. (O.S.G. December 8, 1982).

This Royal Decree is directed, according to its Preamble, towards obtaining the simplification of the Public Administration structure and a public expense reduction through the following measures:

- The creation of new ministerial departments will only be allowed by means of a Parliamentary Law, repealing the former legislation which permitted their creation by Government Decree.
- The Public Administration is reorganized. The Decree establishes the number and name of the Ministries, Secretariats of State, Under Secretariats, and General Secretariats with category of Subsecretariats, clarifying the functions and competences which will be classified as political, in order to distinguish them from technical functions of General Directors and lower administrative organs.

Thus the technical hierarchy will be protected, in order to obtain a professional administration directed by political organs but independent of their variations.

- Fifteen ministries are established. The consolidation should be noted of the former Ministry of Economy and Commerce and Ministry of Finance into the new Ministry of Economy and Finance.
- The Decree establishes and appoints a Government Spokesman in order to assure more accessible political information.

9. Presidency of the Government - Royal Decree 3773/82 of December 22, 1982 establishing the organic structure of the Presidency of the Government (O.S.G. December 24, 1982).

10. Presidency of the Government - Royal Decree 3774 of December 23, 1982 establishing the basic organic structure of the Ministry of Economy and Finance (O.S.G. December 24, 1982).

11. Ministry of Justice - Order of December 9, 1982 on delegation of competences of the Director General of the Registries and the Notarial Service (O.S.G. December 25, 1982).

The Ministry of Justice delegates to the Director General of the Registries and Notarial Services the following areas:

a) The resolution of the applications for the granting of Spanish nationality; the dispensation of the requirement of residence in Spain to regain Spanish nationality; the dispensation of marital impediments and the authorization of secret marriages; the resolution of the applications for change and maintenance of names and surnames.

b) The report required on applications for authorization to purchase rural lands by foreigners.

12. Presidency of the Government - Order of December 30, 1982 on provisory measures on incompatibilities for workers in the public administration (O.S.G. December 31, 1982).

13. Presidency of the Government - Royal Decree 3882/82 of December 29, 1982 on accreditation of foreign journalists (O.S.G. December 31, 1982).

COMMERCIAL

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1. Ministry of Economy and Commerce - Resolution of October 29, 1982 of the General Directorate of Financial Policy regulating the financing information to be provided by factoring companies (O.S.G. November 20, 1982).

In accordance with the order of the Ministry of Economy and Commerce of May 13, 1981, factoring companies should annually provide to the General Directorate of Financing their balance sheet, profit and loss account, and annual report, twenty days after its approval by the General Meeting of Shareholders. Factoring companies should also provide the required statistical data quarterly.

The commission which factoring companies will charge for services rendered will be those freely agreed upon between the parties.

The commissions for financing services will be those established in the Order of January 17, 1981.

Interest rates on advanced payments over assigned loans in active operations will be free.

2. Ministry of Justice - Order of November 15, 1982, approving the regulations of the Registry of sale on credit of movable goods (O.S.G. November 29, 1982.

3. Ministry of Industry and Energy - Royal Decree 3274/82 of November 12, 1982, extending the declaration as "preferential sector" of the automobile industry sector. (O.S.G. December 1, 1982).

Royal Decree 1779/79 of June 22, 1979 declared as a "preferential sector" the automobile and spare parts industry sectors. As requirements to the concession of the established grants, it provided that the applications of companies should be made before June 30, 1982 and that before January 1, 1983 investment programs should be presented to be approved by the Ministry of Industry.

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Andar, 19
Rio de Janeiro-RJ
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Telex: 2132591

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Tokyo 100
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Telex: J 29472

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Central Hong-Kong
Tel. 5 - 21 63 49
Telex: 62898

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1.º Interno D Scala A
Milan 20122
Tel. 875 525 - 867 661

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Gran Via, 1 - Bilbao - Spain. Tel: (94) 416 64 00 Telex: 32040

the extension of the above-mentioned terms until June 30, 1984 and January 1, 1985 respectively.

4. Ministry of Economy and Commerce - Order of November 19, 1982 developing Royal Decree 2557/82 of October 1, 1982, on the procedure for refinancing export credits (O.S.G. December 8, 1982).

In accordance with Royal Decree 2557/82 of October 1, 1982, the financing companies which apply to the Official Credit Institute to obtain the refinancing of credits granted to finance export operations should open credit accounts in favor of the Official Credit Institute, within the conditions established in Article 5 of the above-mentioned Royal Decree.

INTERNATIONAL

1. Office of the Head of State. Instrument of Adhesion of September 23, 1982 to the Agreement on International Road Transport of Merchandises, executed in Geneva on July 5, 1978 (O.S.G. December 18, 1982).

2. Ministry of Foreign Affairs - Organic By-laws of the International Institute for the Unification of Private Law, executed in Rome on March 15, 1940, as amended (O.S.G. December 18, 1982).

3. Office of the Head of State - Instrument of Ratification of October 25, 1982 of the Culture Cooperation Agreement between Spain and Ireland, executed in Madrid on June 27, 1980 (O.S.G. December 20, 1982).

4. Ministry of Foreign Affairs - Agreement between the Government of Spain, the Government of the Federal Republic of Germany, and the International Agency of Atomic Energy, on the application of the Agreement executed between the two Governments on cooperation in the peaceful use of nuclear energy, executed in Vienna on June 9, 1982 (O.S.G. December 23, 1982).

LABOR

1. Ministry of Justice - Order of October 23, 1982, denying, by Legal Impossibility, the incorporation of the National Association of Employees of Notary Public Offices (O.S.G. November 27, 1982).

2. Ministry of Labor and Social Security - Royal Decree 3886/82 of December 290, 1982, modifying the calendar of non-working days in order to declare Holy Thursday as a non-working day instead of June 29th (St. Peter and St. Paul). (O.S.G. December 31, 1982).

3. Ministry of Labor and Social Security - Royal Decree 3887/82 of December 29, 1982, modifying Royal Decree 1445/82 of June 25, 1982, on promotion of employment. (O.S.G. December 31, 1982).

This Royal Decree provides for the modification of the temporary work contract regulations, establishing a maximum term of two years and a minimum of six months. Building and hostelry sectors are permitted to have a minimum term contract of three months.

Temporary work contracting will not be permitted to cover vacant positions from finished temporary contract works, illegal dismissals, or by means of the application of the employment reduction system.

A MARKET FOR PHOTOGRAPHY

(CONTINUED FROM PAGE 25)

Tops on everyone's list is the Mercado Central on the Plaza del Mercado, just across the street from the famed 15th century Lonja. Begun in 1915, the building was not completed until 1928. It now houses more than 1,300 stalls. Considered one of the finest markets in all of Europe, this architectural masterpiece by Francisco Guardia Vidal and Alejandro Soler y March simply must be seen to be believed. The massive, exposed support system of iron beams in neat geometical patterns contrasts sharply with the jumbled disarray of the food-festooned stalls below. Sunlight fills the expanse through enormous windows delicately laced with pastel-colored stained glass. It is truly a marvel and a self-contained adventure for photographers.

About a fifteen minute walk from the Mercado Central is the more compact but equally fascinating Mercado de Colón on the Calle Jorge Juan. A startling structure, open along the sides and with a pair of jaunty roofs, this market gives the impression of housing a series of merry-go-rounds. Ringing each towering support beam are the food stalls, like so many lazy susans—buyers circling around and around at the base. Again, natural light here is good because of the minimal exterior wall structure.

In general, you'll find that most of the vendors and buyers in a Spanish market are totally oblivious of photographers. In fact, half the fun of shooting in a market is capturing the spontaneity of the people. But don't be surprised if, occasionally, the butcher of fishmonger strikes a quick pose, wares in hand, for posterity. There's a lot to be said for the old saying that a picture is worth a thousand words. □

Prepared by RESHOTEL MARKETING INTERNATIONAL, INC.

El "Spain Promotion Show"

Reshotel Marketing International, Inc. has conceived and is promoting this show to give Spanish firms, and especially those concerned with the travel industry, a chance to display their wares in New York, Philadelphia, and Boston this October.

Presentación

El mercado Americano ofrece un gran potencial para la industria turística española y esta preparado a recibir a la agresiva comitiva de profesionales españoles.

Una numerosa delegación de expertos, vendrán por primera vez, a vender la gran calidad y atractivos del producto Español.

No hay razón por la que España no se convierta en el destino preferido en los Estados Unidos, al igual que lo es hoy en día en Inglaterra.

El aumento de servicios aereos por parte de Iberia y la cotización actual del dolar, hacen de una lógica aplastante el consolidar y ampliar nuestras promociones en los E.E.U.U., en vista de las posibles caídas de otros mereados.

El Spain Promotion Show (SPS) se efectuará en Octubre de 1983, con el fin de obtener el óptimo resultrado de organización, la reserva en la participación de cada empresa se debe hacer inmediatamente.

¿Quien participará?

Agentes de Viajes, Especialistas en Grupos, Expertos en Viajes de Incentivos, Organizadores de Reuniones de Empresa, Coordinadores del Mercado de Estudiantes, serán personalmente invitados a participar en estas Jornadas de Trabajo.

Estos profesionales de Turismo Americano están altamente interesados en entrevistarse con sus colegas españoles, Hoterleros, Agentes de Viajes, Compañías Aéreas, Empresas Turísticas en General, así como representantes de diferentes zonas turísticas, que quieren introducir y vender sus productos en los Estados Unidos.

Los empresarios españoles, unidos a los Mayoristas establecidos en los E.E.U.U., con sus programaciones actuales, crearán un gran e interesante despliegue de la oferta Turística Española.

Objetivos Concretos

El S.P.S. es un vehiculo altamente interesante para ambas partes, pues tanto compradores como vendedores, quieren efectuar sus contrataciones y programaciones en el mínimo tiempo y disponiendo de la máxima información posible.

La asistencia estimada de compradores es de 200 Agentes por día, lo que representa una única oportunidad, al poder en tres seminarios contactar personalmente a 600 vendedores, que vienen a conocer más de España y su producto.

El S.P.S. es ideal para ofrecer los productos de cada empresa con un gran ahorro de tiempo y costes, con la particularidad de que los contactos entre todos los profesionales estarán centrados en un solo destino.

¿Como se desarrollará el Spain Promotion Show?

El S.P.S. no es solamente un evento de proyección de imagen sino especialmente de jornadas concretas de trabajo.

Las empresas participantes deben preparar con anticipación su material para efectuar la distribución prevista en cada seminario.

Las jornadas de trabajo, se realizarán de 4 a 8 de la tarde en cada ciudad.

Nueva York:	**Martes 11 de Octubre**
Philadelphia:	**Miércoles 12 de Octubre**
Boston:	**Jueves 13 de Octubre**

Se han eligido estas fechas para que aquellas empresas, que tengan interés en asistir al ITME de Chicago, lo puedan hacer aprovechando el viaje para la participación en el S.P.S.

Estas fechas coinciden también con la semana de la Hispanidad en Nueva York, pudiendo por tanto asistir a los eventos culturales que se organizan.

Area de Presentación y Seminarios de Trabajo

En la apertura de cada seminario se hará una presentación general y se procedera por zonas geográficas, simultaneamente, en mesas redondas a dar información y establecer contactos.

Habrá un area de proyección para aquellos interesados en audiovisuales.

Area de Exhibición

Cada empresa participante dispondrá de un 'Stand' provisto de mesa y dos sillas y suficiente espacio para instalar y exhibir su material de promoción. El espacio de cada 'Stand' será aproximadamente de tres metros cuadrados.

¿Cuanto cuesta?

El coste total de participación por cada empresa es de U.S.$1500 por los tres seminarios.

Debido a que los espacios estan limitados, las reservas de espacio se efectuarán solamente previo pago de un depósito de $500 a las primeras 50 empresas. El resto de solicitudes se procesará bajo rigurosa lista de espera.

El pago final se tendrá que efectuar con anterioridad al 15 de Agosto, con el fin de confeccionar la guía de las empresas participantes.

¿Qué se incluye?

- Alquileres de locales; decoración areas de trabajo.
- Asistencia del personal organizador durante los seminarios.
- Azafatas de control e información.
- Transporte del material de ventas y de exhibición entre las tres ciudades en que se realizarán los seminarios.
- Transporte de los expositores en autocar de lujo entre Nueva York-Philadelphia-Nueva York.
- Impresión de un Guía Comercial de España describiendo los servicios/productos de cada empresa.
- Distribución de la Guía Comercial con anterioridad a los seminarios a más de 15,000 agentes de viaje en todo U.S.A.

Guía comercial de España

Con el fin de promover con anterioridad los servicios de las empresas que participarán, se creará una Guía Comercial de España, con información General Básica y Práctica por regiones. Esta Guía se distribuira de una forma personal a los Agentes invitados a los seminarios. Se efectuará también la distribución por correo a una lista seleccionada de más de 15,000 Agencias de Viajes, en diferentes areas del país, con el fin de que utilicen la misma como manual de referencia y consulta cada vez que den información o vendan España.

El S.P.S. no solo permite el contacto directo con un gran potencial de compradores, sino que mediante esta Guía Comercial abre las puertas a una distribución directa del producto que cada empresa ofrece.

Spain Promotion Show *solo vende España*—y los compradores vienen interesados en el producto y empresas de España. *Es único!*

La creación y organización del "Spain Promotion Show 1983" es obra exclusiva de Reshotel Marketing International, Inc., 50 East 42nd Street, Suite 2200, New York, N.Y. 10017, U.S.A.; Tel. (212) 5576-8470.

CONDICIONES GENERALES DEL SPAIN PROMOTION SHOW (S.P.S.) USA 1983

1. La organización del S.P.S. se lleva a cabo exclusivamente por RESHOTEL MARKETING INTERNATIONAL INC. (R.M.I.), una Corporación registrada en el Estado de Nueva York. R.M.I. se dedica a efectuar Servicios de Marketing y Representación de Hoteles y Empresas Turísticas.

2. S.P.S. se organiza con el fin de promover en deferentes ciudades de USA los servicios en España exclusivamente de las Empresas que participan en los Seminarios que constituyen el S.P.S. R.M.I. se reserva el derecho de aceptar la participación de cualquier Empresa, y de revisar el material de los exhibidores y no aceptar su distribución si el mismo no se ciñe a España.

3. R.M.I. no se hará responable por cualquier reclamación debido a perdida, extravio, daño o destrucción de cualquier material durante el periodo de la exhibición o su traslado entre las ciudades. R.M.I. no será responsable por accidentes que pudieran ocurrir a los empleados de los Exhibidores durante los seminarios o en su traslado a los mismos.

Se recomienda la ejecución de las consiguientes pólizas de seguro de vida, accidentes, peridid y/o entravío de material.

4. Nó se permitirá la organización de "Hospitality Suites" a los exhibidores participantes al S.P.S., durante el desarrollo de los Seminarios.

5. Los exhibidores deberán aceptar las reglas y regulaciones locales en efecto impuestas por el Hall de Exhibiciones y las autoridades locales y federales.

R.M.I. se reserva el derecho de interpretar las reglas y/o regulaciones básicas indicadas, las cuales en su discreción favorezcan la mejor organización e interés de los Seminarios.

Los exhibidores que requieran tomas eléctricas o algun servicio especial lo tendrán que solicitar con anterioridad a R.M.I., y los gastos adicionales serán por su cuenta.

6. En caso de cancelación de los Seminarios por el organizador debido a cualquier causa de fuerza mayor, guerra, disputa laboral, orden gubernamental, condiciones climatológicas, fuego, o problemas concernientes a la organización del Hall de Exhibiciones o sus Agentes, la única responsabilidad de R.M.I. será la devolución de las cantidades abonadas por los stands reservados por noche o noches anuladas, menos el prorrateo correspondiente de los gastos de organización efectuados.

7. R.M.I. invitará de una forma personal a Agentes de Viajes y Organizadores de Grupos a la asistencia y participación a los Seminarios.

La cantidad de Agentes Compradores estimados a participar en cada Seminario es de 200 en base a las invitaciones que se efectuarán; pero esto no representa ninguna garantía por parte del organizador.

8. Servicios incluidos de acuerdo a la carta circular del 23 de Noviembre de 1982.

9. **Deposito y pago final.** Las reservas se aceptarán previo pago de un depósito de $500.00. El pago final se efectuará inmediatamente a la recepción de la factura final del organizador no más tarde del Agosto de 1983. Si el pago final no se recibe al 15 de Agosto de 1983, R.M.I. anulará la reserva y podrá ceder el espacio a cualquier otra empresa que este en lista de espera. No se efectuará ningún reembolso ni se aceptarán cancelaciones parciales.

El pago del depósito y pago final significa el conocimiento y aceptación de las condiciones generales.

Nov. 23, 1983

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News in Brief . . .

Joaquín Garrigues, Spanish Legal Scholar

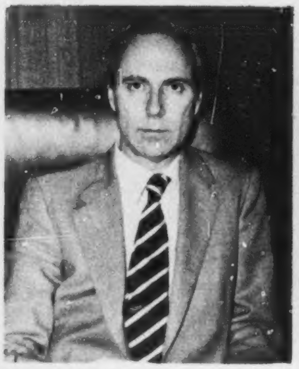
Joaquín Garrigues y Díaz-Cañabate, one of Spain's leading legal scholars and co-founder of the law firm of J. & A. Garrigues, died in Madrid on January 10th at the age of 83.

Mr. Garrigues, who was a professor of corporate law at the University of Madrid for 46 years, wrote many textbooks and articles. His *Curso de Derecho Mercantil*, published in 1936, is still the basic textbook used in most law schools in Spain and many other Spanish-speaking countries.

Mr. Garrigues helped draft the Business Corporation Act of 1951, which regulates the formation and operation of corporations in Spain.

He formed the firm of J. & A. Garrigues with his brother, Antonio Garrigues y Díaz-Cañabate, who at one time served as Spain's Ambassador to the United States and later to the Vatican, as well as Minister of Justice.

New Tourism Officials Named



Ignacio Fuejo

José Ignacio Vasallo Tomé

New officials have been named to Spain's top tourism posts in the Ministry of Transportation, Tourism and Communications following the victory of Felipe González and his party in last October's elections.

Ignacio Fuejo, a past director of A.T.E. (Administración Turística Española), which operates the 83-property chain of Spain's famed *paradores*, was appointed Secretary General for Tourism, replacing Eloy Ybañez, who had been Secretary of State for Tourism for the past two years.

Mr. Fuejo's background in international economics (he has served also as Subdirector General for Foreign Exchange in the Ministry of Economy and Commerce) as well as in the field of tourism, underlines the continuing importance of tourism in the Spanish economy.

Ignacio Vasallo has been named by Secretary General Fuejo as Director General for the Promotion of Tourism. Mr. Vasallo is well known in travel circles, having served previously as Commissioner of Tourism and Subdirector General of Marketing of Tourism.

Spanish Line Posts 50% Increase in Revenues for 1982, Expands New York Operation

Trasatlantica Spanish Line registered a 50% increase in total revenues in its North American operation for 1982 over 1981, for the most successful year in its history of over 100 years. U.S. Delegate Alfonso G. Escalera attributed the gain to the company's expansion in 1982, which saw the addition of Genoa and Leghorn to the Mediterranean service and the opening of company offices in both cities; the startup of U.S. Gulf service out of Houston, New Orleans and Miami; and the addition of Savannah to the line's ports of call.

Mr. Escalera also announced the expansion of the company's New York office staff with the naming of Ron Petrocelli, formerly of Pittston Stevedoring Company, to the newly created position of Manager of Operations, Analysis and Cost Control.

In other major company developments, Trasatlantica Spanish Line is now offering reefer capacity, 50 units per vessel, out of all the U.S. ports it serves. The line operates full container vessels out of the U.S. East Coast and two Con/Ro ships in the Gulf service. General Agents are the Kerr Steamship Company, with offices across the United States.

Farrell Lines Reports $35 Million Turnaround for 1982

Farrell Lines expects to record a modest net profit for 1982, according to Richard V. Parks, President and Chief Operating Officer. This represents a $35 million operating turnaround over the previous year.

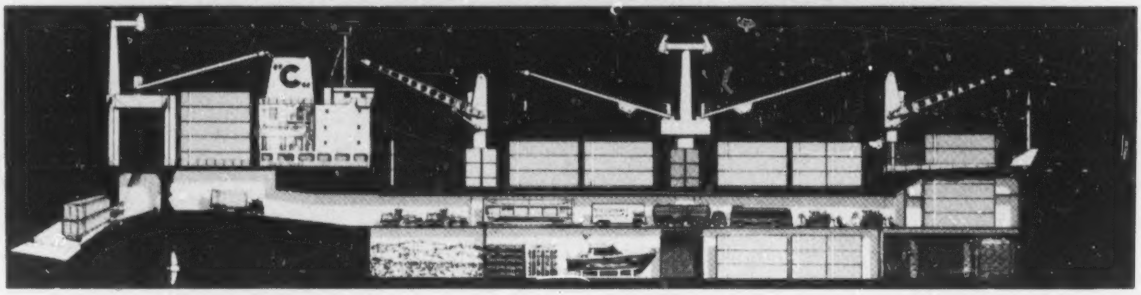
Mr. Parks also predicts an operating profit in 1983 for the 58 year-old U.S. flag shipping line, based on the sale in January of four 1700 TEU containerships to United States Lines, as well as on a brighter outlook in Farrell's Mediterranean, West African, and chartering divisions.

The four Farrell containerships sold to U.S. Lines have been deployed on the North American-Australian and New Zealand trade route, and Farrell Line's service to that region is being suspended. The

(CONTINUED ON PAGE 39)

INTRODUCING
THE LATEST COSTACARRIER

THE NEW
COSTA ARABICA



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STERN DOOR: Max. free Ht. 6.50 mt
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CADEX
Exportaciones Gallegas, S.A.
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Editorial Herder, S.A.
Provenza, 388
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Massens, 16-18
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ImExport
José M. Castaño Martínez, 10
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Menéndez Pelayo, 7
Molina de Segura (Murcia)

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Apartado de Correos, 8
Molina de Segura (Murcia)

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Hipexsa
La Cerca, 24
Collado Villalba (Madrid)

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Munich, 4
Alcorcon (Madrid)

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C/. Temple, 9
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TOCUT
Pasaje Dos de Mayo, 25
Barcelona-26

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Avenida de Valladolid, s/n
Soria

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Torrejón de Ardoz (Madrid)

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Naves 8 y 10
Ctra. Fuenlabrada a Pinto
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Mosaic parquet:
Maderas del Sur, S.A.
Gutiérrez Solana, 1
Madrid-16

Marble, granite:
Marmol-Granito, G.R.T., S.A.
José Antonio Armona, 4
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Portable methods of imprinting materials and machinery with graphic designs:
Richard Gans, S.A.
Princesa, 65
Madrid, 8

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Spanish person, a member of the Spain-U.S. Chamber of Commerce of New York, seeks contacts in Import/Export, offers services as consultant. Contact: A. González, Edificio Huerta del Rey, Apartado 208, Avda. Eduardo Dato, 22, Sevilla, Spain. Telephone day and night - private: 54-69-147. Central Building: Tel. 637200, Ext. 208; Telex: 72320.

$2 million company presently working in plastics is interested in diversifying into sports, electronics, do-it-yourself, energy, and other industries. Please contact Mr. G. W. King, George W. K. King, 105 Eagle Road, R.F.D. No. 2, Newton, Pennsylvania 18940.

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The Aldrich Company
S. 5720 Pittsburgh
Spokane, WA 99203

Vidrioplano para la fabricación de marcos para cuadros:
Mr. David Oppenheim
The Frame Company
33 Hope Street
Jersey City, NJ 07307

Polen de abejas:
Mr. Mauricio González
Vitusa Corporation
P.O. Box 1095
Englewood Cliffs, NJ 07632

Maquinaria, equipos y materiales para la construcción:
Mr. Frank Eidman
S&B Industries Inc.
7825 Park Place Boulevard
P.O. Box 26245
Houston, TX 77207

Fundición moldeada de aluminio:
Mr. Gene Smith
Paragon International Ltd.
825 Third Avenue
New York, NY 10022

Motores eléctricos, turbinas de gas y vapor:
Mr. N. D. Halbrook
BLS Products Corporation
P.O. Box 3353, Heritage Sta.
1 Agnes Avenue
Schenectady, NY 12303

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Mr. Ton Rizos
25-12 Steinway Street
Astoria, NY 11105

Aceite de olivas:
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Martin & Merrill
P.O. Box 22520
Fort Lauderdale, FL 33335

Artículos de regalo:
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Smith Enterprises
9547 Affirmed Lane
Boca Raton, FL 33434

Sábanas y almohadones de franela:
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295 Fifth Avenue, Suite 321
New York, NY 10016

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Mr. John P. Wall
Sales Unlimited of Walton
4 Williams Street
P.O. Box 134
Walton, NY 13856

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Selbra China Corp.
Brater Merchandising
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Suite 15-H
New York, NY 10021

Ropa para niños:
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Astoria, NY 11303

Bulbos y semillas de flores:
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Three World International
TWI-2650 Hollister Terrace
Glendale, CA 91206

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John W. Griffendorf & Co.
P.O. Box 20457
Denver, CO 80220

Artículos de caucho en general:
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Mercer Rubber Co.
Department R & D
136 Mercer Street
P.O. Box CN 90001
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Joyería de turquesa:
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Sungem
900 West Los Vallecitos Blvd.
San Marcos, CA 92069

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Jacobson International
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6013 Hibbling Avenue
Springfield, VA 22150

Vinos de mesa:
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New York, NY 10004

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Montgomery, NY 12549

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Boise, Idaho 83704

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Tradecard of Boston
10 Post Office Square
Boston, MA 02109

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FARRELL LINES REPORTS $35 MILLION TURNAROUND

(CONTINUED FROM PAGE 35)

total package for the four containerships is approximately $150 million, including debt, mortgages and equity capital. According to Mr. Parks, the sale will have a favorable impact on Farrell's balance sheet.

Farrell Lines is honoring all current cargo commitments between North America and Australia and New Zealand with four voyages now in progress.

FROM THE COMMERCIAL OFFICE OF SPAIN IN NEW YORK

Spain's Exports to the U.S., Jan.-Nov. 1982

In this tabulation, using statistics from the U.S. Department of Commerce, the first column gives Spain's exports to the United States from January 1st through November 30th, 1982, in thousands of dollars. The second column gives the percentage of variation from the same period fo 1981. Column 3 indicates the percentage of total exports represented by each group.

	Jan.-Nov. 1982	% Variation from 1981	% of total
I. FOOD PRODUCTS	**182,186**	**+ 18.0**	**13.18**
1. Fish and seafood, except preserved	13,135	-33.5	
2. Preserved fish and seafood	10,750	-11.9	
3. Marmelades and preserved fruits	9,922	+ 34.9	
4. Vegetables, prepared or preserved, including olives	110,184	+ 23.1	
5. Sweets with a sugar base which do not contain cocoa	10,171	+ 39.3	
6. Paprika	4,633	-14.7	
7. Food preparations, unspecified	2,787	+ 14.7	
II. BEVERAGES AND TOBACCO	**58,362**	**-9.0**	**4.22**
8. Table wines and Sherry	41,586	-6.8	
9. Sangría	8,323	-4.2	
10. Brandies and similar	7,136	-17.7	
11. Processed tobacco	566	-69.4	
III. RAW MATERIALS, INEDIBLE, EXCEPT PETROLEUM AND OTHER VEGETABLE PRODUCTS	**32,961**	**+ 44.9**	**2.38**
12. Fluorspar	3,874	+ 8.8	
13. Raw materials of animal origin	1,382	-28.1	
14. Gums, resins, and natural lacquers	4,472	-1.1	
15. Other crude vegetable materials	4,101	-19.0	
IV. PETROLEUM PRODUCTS AND LUBRICANTS	**30,486**	**-35.0**	**2.21**
16. Fuel for reaction-motored aircraft and aircraft w/unspecified motors	-	-	
17. Light petroleum	4	-	
18. Heavy petroleum	16,045	+ 90.3	
19. Lubricating oils and greases, hydrocarbons	14,392	-19.6	
V. OILS AND FATS, ANIMAL AND VEGETABLE	**13,950**	**-3.5**	**1.01**
20. Olive oil	13,673	-5.1	
VI. CHEMICAL PRODUCTS	**63,800**	**+ 8.8**	**4.62**
21. Organic chemical products	18,053	+ 13.1	
22. Inorganic chemical products	21,524	+ 16.4	
23. Essential oils and materials for perfumes	8,926	-14.2	
24. Soaps and detergents	1,810	+ 11.0	
VII. MANUFACTURES AND SEMI-MANUFACTURES	**414,934**	**-22.3**	**30.02**
25. Leathers, hides, and their manufactures	13,939	-2.3	
26. Tires	25,256	-59.2	
27. Manufactures of wood and cork	4,537	-18.1	
28. Articles of paper and cardboard	6,378	+ 42.7	
29. Thread and yarn	3,610	+ 40.7	
30. Manufactured articles of clothing	2,131	-31.8	
31. Fabrics of wool	1,077	-1.7	
32. Lime, cement, and other construction materials, except tiles	10,546	-10.0	
33. Tiles	8,978	-22.2	
34. Articles of crystal and glass	4,615	-19.8	
35. Articles of pottery	14,902	-4.3	
36. Iron and steel in bars, sheets, etc.	246,019	-21.1	
37. Non-ferrous metals	11,386	-63.1	
38. Wire, without electrical insulation	15,274	+ 88.6	
39. Screws, nails, rivets, etc. of iron, steel, or copper	10,201	-13.6	
40. Hand tools	8,137	+ 22.0	
41. Household utensils of common metals	6,778	+ 46.6	
42. Manufactures of metal, unspecified	10,484	-8.2	
VIII. MACHINERY AND TRANSPORT EQUIPMENT	**236,768**	**+ 11.7**	**17.13**
43. Non-electric generators and parts	6,622	+ 46.0	
44. Agricultural machinery, and parts	5,673	+ 98.9	
45. Office machinery, and parts	65,640	+ 9.2	
46. Metalworking machinery	21,858	-10.8	
47. Textile and leather machinery	2,240	-44.9	
48. Industrial machinery	3,766	+ 46.7	
49. Unspecified machinery and apparatus, and parts	18,214	-22.9	
50. Electrical generators, commutators, and parts	5,303	+ 10.3	
51. Household electrical appliances and parts	4,099	+ 74.9	
52. Electrical machinery and apparatus, and parts, unspecified	5,366	+ 6.0	
53. Transportation equipment	86,956	+ 27.9	
53a. Parts and accessories for tractors, vehicles, and motors	54,621	+ 7.5	
53b. Motorcycles and parts	486	-60.6	
53c. Aircraft	10,717	-9.5	
53d. Supplies for aircraft and spacecraft, unspecified	8,168	+ 112.7	
IX. MANUFACTURED CONSUMER PRODUCTS	**15,942**	**+ 12.6**	**22.86**
54. Lamps and parts	4,849	-27.7	
55. Furniture	11,162	-8.6	
56. Luggage and handbags	6,199	-19.8	
57. Textile manufactures	2,693	+ 5.2	
58. Leather manufactures and accessories	3,883	+ 16.2	
59. Knitwear manufactures & accessories	1,417	-17.5	
60. Footwear	212,336	+ 16.8	
61. Printed material	18,787	-13.8	
62. Toys and sporting goods	8,993	+ 33.9	
63. Arms and parts, except revolvers and pistols	3,519	-39.4	
64. Objects of art and antiques	13,915	+ 42.5	
65. Jewelry and costume jewelry	8,902	+ 8.2	
66. Other manufactures, unspecified	3,607	-10.0	
X. OTHER PRODUCTS, UNCLASSIFIED	**32,697**	**+ 49.9**	**2.37**
67. Special transactions, unclassified	21,693	+ 47.7	
68. Arms of war, including revolvers, pistols and ammunition	5,859	+ 1.7	
69. Estimated value of imports in lots valued at under $251	1,479	+ 21.4	
TOTAL..	**1,382,084**	**-2.0**	

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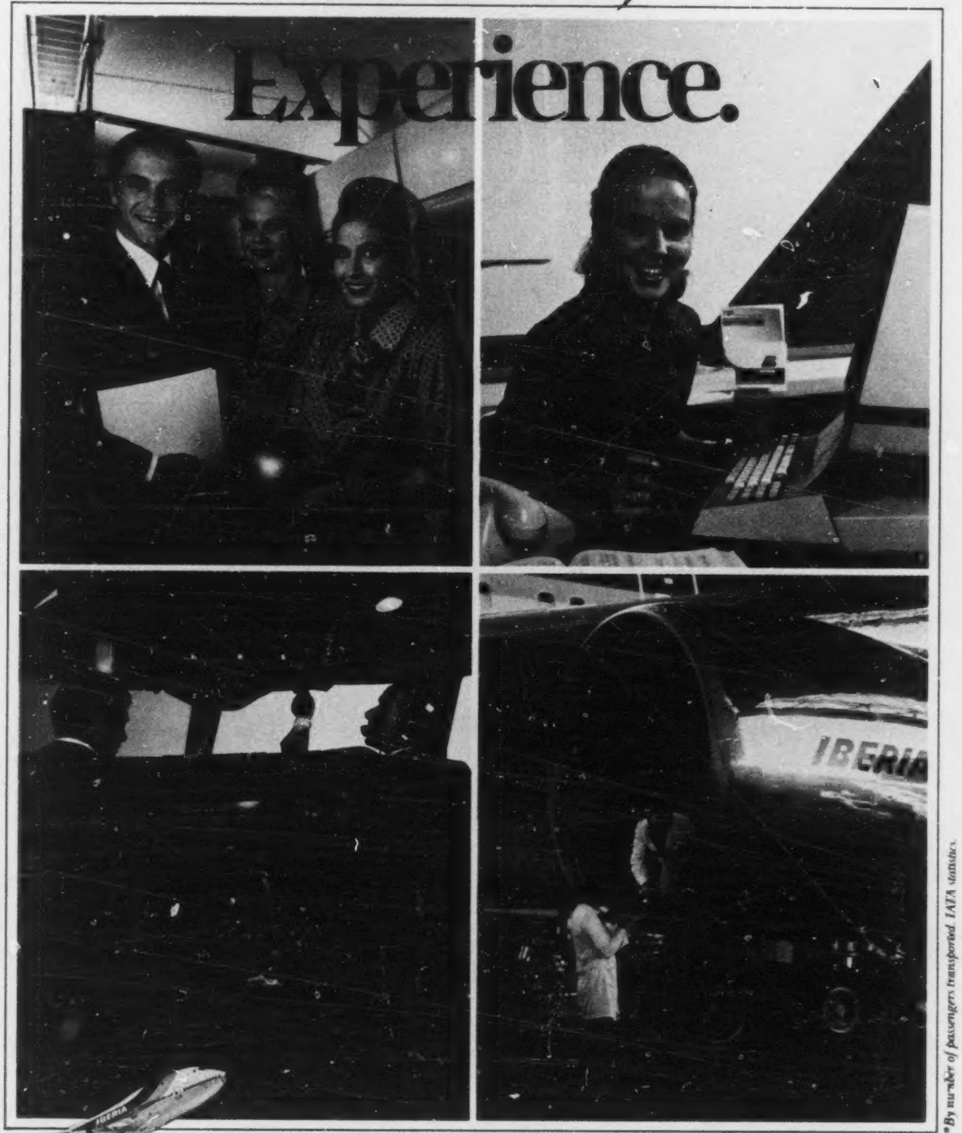

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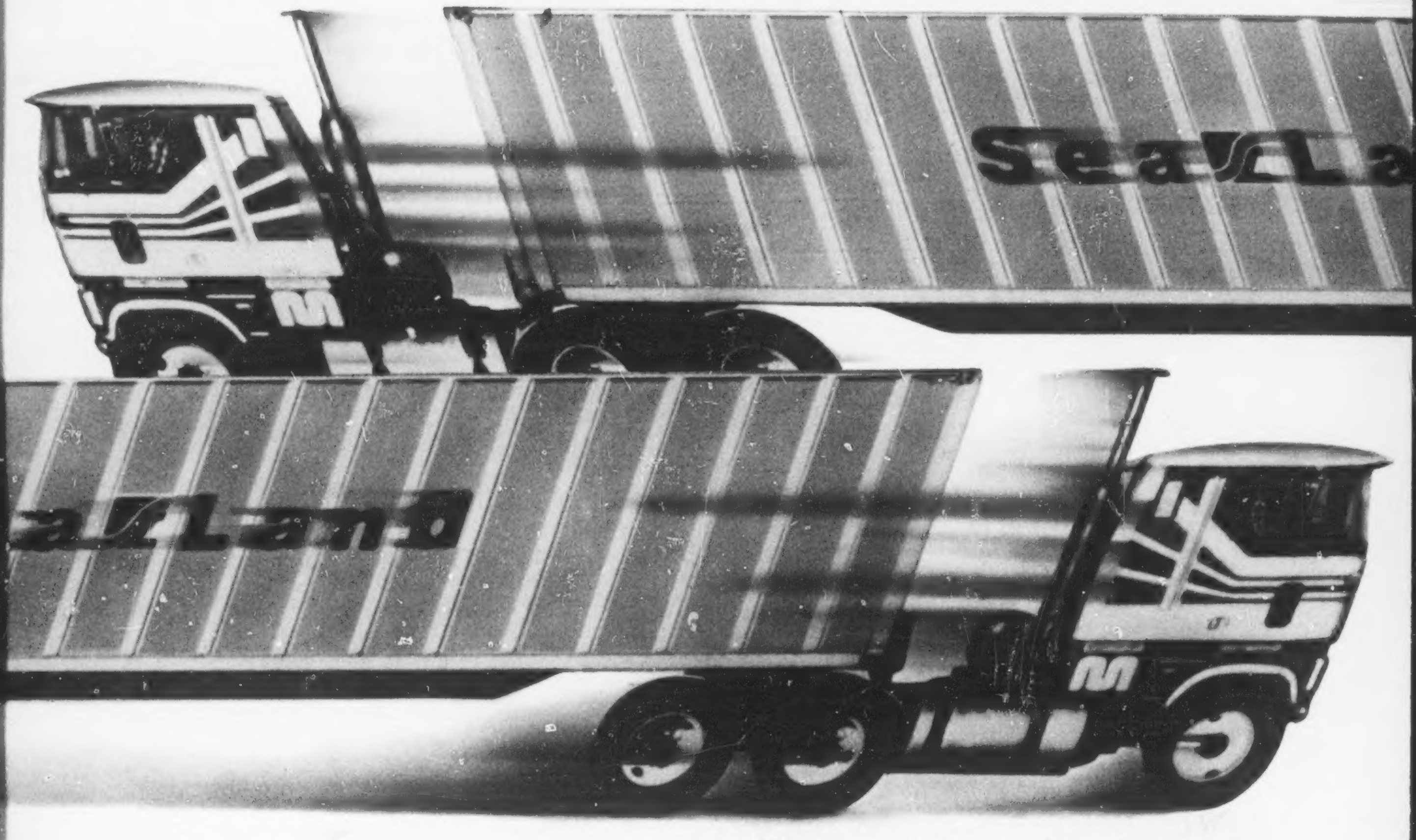

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MARCH-APRIL, 1983 No. 127

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John Davis Lodge Appointed United States Ambassador to Switzerland.
4. **Spain and the U.S.: A 'Special' Relationship,** by Ambassador Nuño Aguirre de Cárcer.
9. **Spain and the European Economic Community,** by Roland de Kergorlay.
15. **Lloyderson Dolls & Plush Will Market Six Lines of Spanish Dolls.**
17. **The Transition in Spain: The First Four Stages,** by Samuel D. Eaton.
27. **Current Legislation in Spain,** prepared by J. & A. Garrigues New York Office.
31. **Shopping for Ceramics in Spain,** by Charles Ocheltree, Spanish National Tourist Office.

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39. Productos Españoles Solicitados
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COVER: Ceramic craftsmen in Puerto Lapice, in the province of Ciudad Real (see "Shopping for Ceramics in Spain," page 31.

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Welcome Ambassador Mañueco

On behalf of the Officers, Directors, and Members of the Spain-U.S. Chamber of Commerce, I would like to extend a hearty welcome to the new Ambassador of Spain to the United States, H.E. Gabriel Mañueco.

Ambassador Mañueco, of course, is no stranger to many of us here in New York, having served as a member of the Spanish delegation to the United Nations General Assembly from 1960 to 1969, and we are delighted to see him back among us.

The Ambassador was born on February 22nd, 1922 and joined the Spanish Diplomatic Service in 1948. He then served in diplomatic and consular posts in Ankara, Toulouse, Uxva and Rabat, as well as two years at the Foreign Ministry in Madrid, before joining the Spanish mission to the U.N. In 1964, in addition to his U.N. post, he was appointed Director of African Affairs and in 1966 Assistant Secretary for African Affairs at the Ministry of Foreign Affairs.

In 1970 he was appointed Minister-Counselor at the Spanish Embassy in Berne, and in 1972 he was named Ambassador of Spain to Syria and Cyprus. He was appointed Ambassador to Algeria in 1976 and to Greece in 1978. In 1980 he returned to Madrid as State Secretary for Foreign Affairs, and remained there until his appointment to Washington on February 16th of this year.

So you can see that we have a highly experienced, versatile and capable man as our new Ambassador, one who will put Spain's best foot forward in Washington.

Ambassador Mañueco can rely on our help and cooperation. Once again, welcome, and our best wishes to him and his family as they begin what we hope will be a pleasant and rewarding stay in the United States.

RICARDO JOVE
President

Prime Minister Felipe González to Confer with Reagan in June; Luncheon in his Honor June 23rd.

The White House has announced that Spanish Prime Minister Felipe González will visit Washington to confer with President Ronald Reagan on June 21st.

On June 23rd, Prime Minister González will come to New York, where he will be the guest of honor at a joint luncheon of the Chamber and the Spanish Institute, which will be held in the Grand Ballroom of the Waldorf Astoria.

John Davis Lodge Appointed U.S. Ambassador to Switzerland

John Davis Lodge, Honorary Chairman of the Chamber and a former U.S. Ambassador to Spain and Argentina, has been appointed Ambassador of the United States to Switzerland by President Reagan.

After careers as an actor and lawyer, Ambassador Lodge turned to public service, serving as a member of Congress from Connecticut from 1946 to 1950, as Governor of Connecticut from 1955 to 1961, Ambassador to Spain from 1955 to 1961, and Ambassador to Argentina from 1969 to 1974. Last year he served on the U.S. delegation to the United Nations.

Wall St. Journal Supplement to Coincide with González Visit

Coinciding with the June visit of Prime Minister Felipe González to Washington, where he will confer with President Ronald Reagan, the Wall Street Journal will publish a supplement dedicated to Spain on June 20th. It will contain articles about Spanish government perspectives, economic relations between Spain and the U.S., etc. The issue will be seen by more than two million readers, according to the Journal, primarily industrialists, investors, and businessmen in general.

Two editions of the supplement will be available to advertisers, the U.S. edition and a European edition which will be circulated in Europe, the Middle East and North Africa. Advertising rates for the U.S. edition are: 1/8 page $800; 1/4 page $9000; 1/2 page $18,000. Rates for the European edition are: 1/8 page $800; 1/4 page $1600; and 1/2 page $3200.

The advertising deadline for both editions is May 31st. For information call or write the Wall Street Journal's agent in Madrid, Mr. Amador Marin, Espronceda 32, Madrid-3; telephone 442 67 83.

By H.E. NUÑO AGUIRRE DE CARCER

Spain and the U.S.: A 'Special' Relationship

Spain and the United States have had a 'special' relationship ever since Spain helped this country to gain its independence, Ambassador Aguirre de Cárcer told a farewell luncheon in his honor at the Pierre Hotel on February 23rd, hosted jointly by the Chamber and The Spanish Institute.

Ambassador Nuño Aguirre de Cárcer (center) with two former U.S. Ambassadors to Spain, Angier Biddle Duke (left) and John Davis Lodge, Honorary Chairman of the Chamber.

IT IS QUITE TRUE that it was at my own request that the kind invitation of the Chamber to have a welcoming luncheon for me back in September was postponed. I suggested that perhaps we might do it a little later on, to see how things were evolving in Spain, even for a clearer picture of the economic situation of Spain; it was not the right time.

When I heard that a farewell luncheon was going to be prepared, then I could not say no again, and I really from the bottom of my heart thank all of you for your presence here.

The roles of the Spain-U.S. Chamber of Commerce and of the Spanish Institute in New York are really of the foremost importance. For an official mission, for an embassy, for a consul general, there is nothing that can substitute for the part played in Spanish-American relations by such organizations. They bring up the true spirit of friendship, and exchange of ideas and information. They come as a help to our own activities. We know we can count on the Chamber's help and that of the Institute.

By the way, I want to take advantage of this occasion to make two announcements which should have been made by the chairmen of the respective bodies. The Spanish Institute, on Friday, March 18th, will honor the new Minister of Culture, Javier Solana, who will go to Boston on the 17th for the inauguration of a symposium on Spain. Secondly, the President of the Spanish Government, Felipe González, will be coming to this country on the 21st of June, will stay the 21st and 22nd in Washington and the 23rd in New York; and he probably will be attending a special function, a Chamber luncheon, on the 23rd of June in New York. I think this is very becoming, not only because of the importance of the Chamber of Commerce, but also because the Chamber was farsighted enough to have arranged a special function two years ago for Felipe González as leader of the Socialist

Chamber President Jove Introduces Ambassador Aguirre de Cárcer

Ambassador Aguirre de Cárcer is one of that rare and valuable breed of career diplomats. He was born on March 7, 1923 and holds university degrees in law, political and economic sciences. He has held embassy posts in London, Tangier, Karachi, Tunisia and Tripoli. He has been Director of Political Affairs for the Near and Middle East, and he was Minister Plenipotentiary at the Embassy of Spain in Washington from 1962 until 1966. He served as Director General of North American, Middle and Far Eastern Affairs at the Spanish Foreign Ministry from 1966 until 1970, he has been a member of the Joint Spanish-American Advisory Committee on Defense, and he served as Ambassador to Syria and Cyprus from 1970 until 1972. He was Ambassador to Finland and Head of the Spanish Delegation to the CSCE Conference in 1972 and 1973. He was Director General for European Affairs from 1973 until 1976 and Ambassador to Belgium from 1976 until 1982. In June of 1982 he was named Ambassador of Spain to NATO, and in July 1982 he was named Ambassador of Spain to the United States. And continuing this very successful career I am pleased to inform you now that he has just been appointed Ambassador of Spain to the Vatican.

During the course of this luncheon I heard from another Spanish diplomat, whose name I am not going to reveal, that as a matter of fact Ambassador Aguirre de Cárcer has the reputation of being the hardest ambassador in the Corps, and I say this because I consider that this is the best thing we can say about him, when it was explained to me that this is because he has everybody working and is the most effective representative that Spain has abroad.

Party. So they knew that he was a man who had a future, as the last elections have shown.

I WOULD like to say that although my tenure of office in this mission has not been long, it is not my first contact with your country. I was here for a month in 1950, just married, when I came to negotiate the Air Transport Agreement which established the Iberia flights from Madrid to New York. In 1956, coming back from Karachi, Pakistan, I was requested by the Ambassador, the Count of Motrico, to come and work under him here. Nothing would have given me more pleasure, but somebody in the Foreign Service Personnel Board must have thought that I had too many children, and that was the excuse they had which put off my coming for the time being. In 1962, Ambassador Antonio Garrigues was kind enough to say that I should come along with him to work with him, and I came and I was two years with him and then two years with the Marqués de Merry del Val, with the New York World's Fair in 1964 in between.

I must say that with Garrigues we worked from the very day of our appointment, because we came to New York by boat, the *Constitution*, and we were working our way through, studying, on the sun deck, our papers, our dossiers. On the evening of our arrival at the Waldorf Astoria in May, I had a typewriter sent upstairs to the room to start typing the speech for the presentation of credentials. It was like this until the very last day, in 1965, when he left to go back to Spain. It was the end of the Kennedy period and the first part of the Johnson period, very exciting moments. Conditions were not so easy for Spain at the time; we were not yet ripe for the change, the transformation to the democratic system of government that we have now, so one had to go on working one's way through. People like Antonio Garrigues—and I want to mention him especially—needed to talk, not only to show the possibilities of change in Spain but also to push. . . to force its way through in our country.

My particular care during all that period—both four years in Washington and then four years as Assistant Secretary for American Affairs in Madrid—was what I call the "special" relationship between Spain and the United States. I say "special," in quotes, not in the sense of the U.S.-British relationship, a kind of brotherhood between both English-speaking countries, cemented by blood and tradition, but a relationship that has proved its usefulness during the course of time. Its beginning goes back to the Founding Fathers. Spain was here, and helped gain the independence of this country.

By the way, allow me a small anecdote. You have heard about Lafayette and the French and all that. There was a time when Governor Harriman came to Spain to speak with the former Chief of State about U.S. policy in Vietnam. When the subject was finished, they started to talk about France and DeGaulle, the dollar, the rush for gold, etc., through which France was making things difficult for the United States. "Imagine them—the country of Lafayette—doing this to us," Harriman suddenly said. The old Chief of State immediately, unbelievably, replied, "Lafayette! When will the French stop milking that old cow, of Lafayette?" Governor Harriman roared with laughter.

It is true! We have not been able to show, or to explain, what we did at that time. Lafayette left from the Spanish port of Pasajes, because the French king would not allow him to leave from France. He stopped in Havana, which was Spanish; he took Spanish soldiers and brought them to your country. This is part of United States history.

Well, later there was an eclipse in our relations because of the Cuban war. Early in the 20th century we signed a friendship treaty. In the 1920s we had the ITT-Telefónica arrangements, the oil-CAMPSA business, which strengthened our relations. Then came the last thirty years of this relationship, a period which I would say started even before 1953. In 1948-49, at the time of the Italian elections, when there were the Prague incident, the Berlin crisis, and the possibility of a communist landslide in the Italian elections, Spain and the U.S. arranged a little-known agreement on turning Spain into a sanctuary for Americans from all over Europe, and their families and dependents. Later on, George Kennan wrote a paper asking why not make use of Spain's possibilities on the civilian and diplomatic side, in the military area. We come to 1951 and Admiral Sherman's visit, and from 1954 on you know the story of our Agreements.

I came into the picture, at my level of responsibility, in 1963, at the end of the first ten year period of validity of the Agreements. We were able to put, over the basically military relationship, a diplomatic and political cover in the way of a Joint Declaration, which was a kind of "quasi alliance." Those are the words of Senator Fulbright.

Five years later, in 1968, conditions had changed, and Spain was trying to get into NATO. There was still opposition from some member countries, some Nordic European countries, and so we had to go through uneasy times. I think Ambassador Angier Biddle Duke might remember the time that we went through then, because he was there. Still, in June 1969 we went ahead and found another way to overcome the stumbling blocks that were interfering in our relationship. I remember that as a kind of special treatment, Foreign Minister Castiella and I were invited to go down to Cape Kennedy to see the launching of the spacecraft to the moon. Castiella had the word for it: *"turismo de altura"*; obviously it was sky high. For me it was a human experience that nothing can make me forget.

Chamber President Ricardo Jove introduces Ambassador Aguirre de Cárcer.

I want to say a word—and with some pride, I must say—on the 1969 Agreement. I got the approval of Kissinger, who was at the time National Security Assistant to the President, for a change in the basic structure of our agreements. Not losing sight of the primarily military relationship, we turned it into a global relationship between the two countries, something that would be more meaningful to the people of Spain, something that would encompass the educational, the economic, the cultural, the scientific, and the nuclear energy fields, so as to show to our people that they could benefit from that relationship on more grounds than the purely military ones. I remember Kissinger saying that it was a brilliant idea, and I also got Senator Fulbright's approval because I said, "after all, it is becoming a fuller Fulbright agreement."

And it has proven right, because from that time on we see that the number of Spaniards coming to this country — young students, scientists — is so great that the impact it has made on Spanish-American relations is really important. I am sure it made possible having some of our researchers in the National Institutes of Health in many major universities. People back home don't realize that there are six members of the present Spanish Socialist government who have studied in American universities. Who would have though that possible fifteen or twenty years ago! Before, we would go to France, because French was easier; or if you wanted to be earnest, you learned German and went to Germany. It has been only recently that we have made full use of these wonderful learning institutions that you have in this country.

I would say that in 1976, with the Monarchy, the friendship relations became a Treaty. Five years later—the last negotiations went on for some time, up to the signature on July 2nd, 1982 of the present Agreement of Friendship, Defense and Cooperation, which is about to be sent to the Cortes, the Spanish parliament, for ratification. When the decision to dissolve the Cortes came last summer, it had to be put aside. The socialists said they would look into it, study all its implications, see in what way it could be construed as limiting Spain's freedom to decide on its NATO relationship, etc. Arrangements have been found, by signing a Protocal to be annexed to the Agreement Spain signed in 1982, so that both the Agreement and its additional Protocal will be sent to the Cortes for ratification.

I am very glad that as I am finishing my mission here I can see things solved. It is not the first stone in the building but the flag on top of the structure of our "special relationship."

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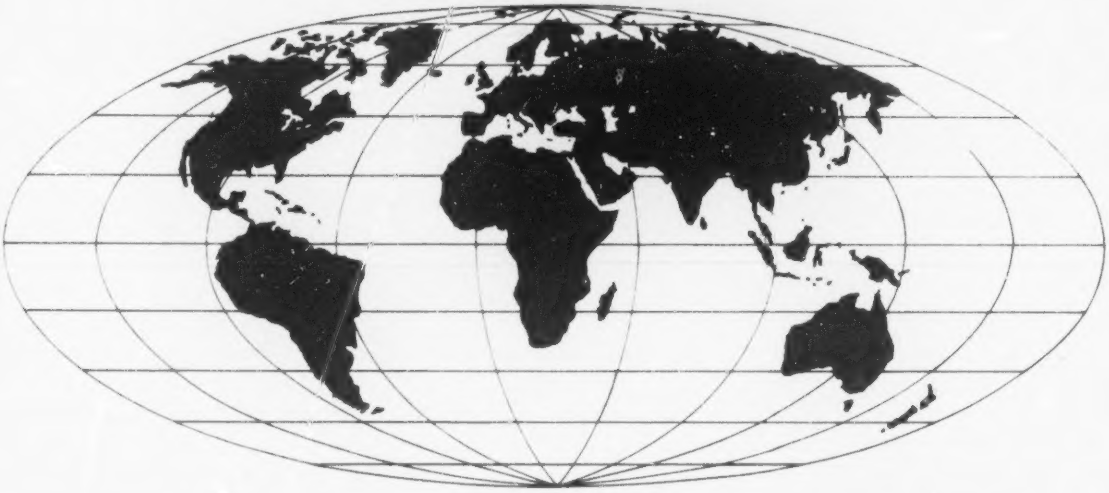

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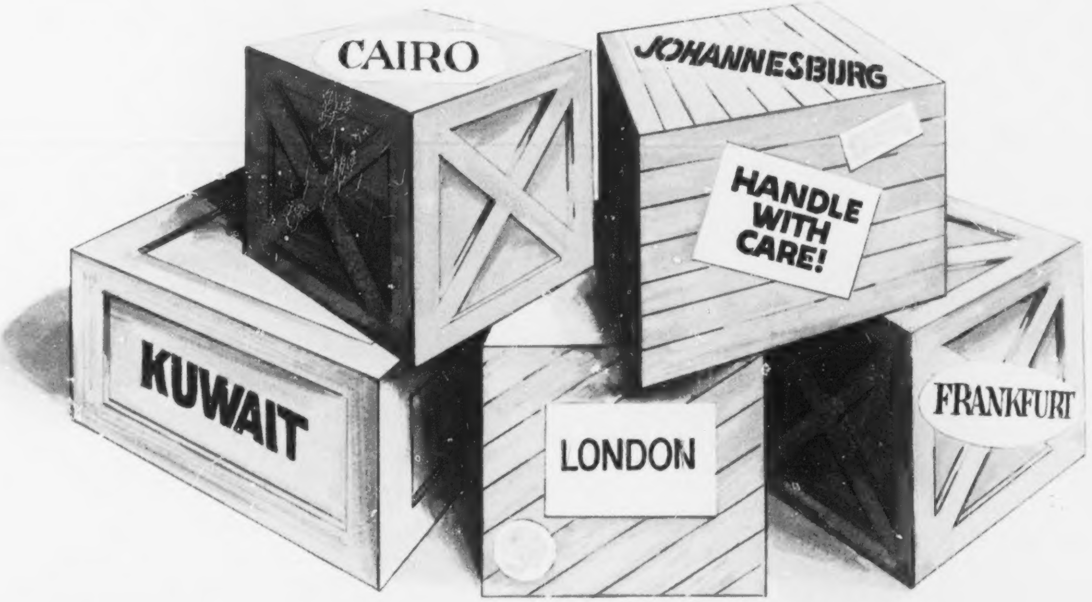

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By ROLAND DE KERGORLAY

Spain and the European Economic Community

This paper by Ambassador Roland de Kergorlay, former EEC Negotiator in Brussels, was presented at a major symposium entitled "Spain and the U.S.: A Conference to Analyze New Perspectives Within the Western Community," held in Boston on March 17th through 19th under the auspices of the Edward R. Murrow Center of Public Diplomacy at Tufts University's Fletcher School of Law and Diplomacy. The keynote speaker at the symposium was H.E. Javier Solana, Spain's Minister of Culture, and there many other distinguished participants. Representing the Chamber were President Ricardo Jove, who was a panelist in a discussion on trade and investment, and Executive Director Mariano Baguena. Another paper from the symposium starts on page 17. We are grateful to Tufts University for permission to publish these papers.

THE ANSWER to the future of Spain's relations with the European Economic Community must be found as much in the past history of that country as in the present circumstances.

In the heyday of the Spanish Empire in the sixteenth and seventeenth centuries, the hegemonistic ambitions of its kings were thwarted on the seas by the British and on the continent by the French. In particular, the whole French foreign policy, that of Richelieu and his successors, was to keep Spanish influence behind the Pyrenees and break up the alliance with the Austrian Empire.

The Napoleonic occupation of Spain was to hasten the decline of the empire, enabling the colonies to progressively claim freedom while creating the conditions through which mainland Spain was progressively to isolate itself even more from the economic and political developments in Western Europe.

By the late 1950s the Iberian Peninsula, where the last Fascist regimes survived, was isolated from a Western Europe which was rising out of the ashes of the Second World War.

The centuries-long links between the United Kingdom and Portugal enabled the latter to join EFTA when that organization was set up as an answer to the emerging Common Market.

Spain in the early sixties submitted a request for the establishment of links with the European Community. This query was left without an answer.

Some forward-looking political figures in Spain, and not least among them Alberto Ullastres, then Minister for Trade, decided to take a major step by partly dismantling the complex and cumbersome protection barriers which in the economic field effectively isolated Spain from the remainder of the world.

This led to the "Spanish miracle," in no way second to the earlier "Italian miracle." In a matter of years the Spanish economy blossomed out. From a backward country it became one of the foremost industrial economies of Europe, run by a young a dynamic civil service, in sharp contrast with the cumbersome and inefficient administration which had been a constant characteristic of past Spanish history.

When Britain decided to join the Common Market, the six countries constituting the European Community decided to open negotiations with Spain with the view of concluding a commercial agreement. Such an agreement was necessary in their opinion for the following reasons:

- It enabled the harmonious development of a comprehensive Mediterranean policy. This initiative was made necessary by the traditional links which existed between France and Italy with many of the countries bordering that sea, as well as by the need to follow a balanced economic policy of aid between Israel and its Arab neighbors. Spain, because of its growing economic weight, could not be left out, particularly as Portugal—a member of EFTA—would benefit from the free trade arrangements to be concluded with that entity.
- But more important, such an agreement was to be the harbinger of better things to come. The political will behind this offer was to make it limited as long as the existing regime was in power. *A contrario*, this indicated that if there were to be a return to democracy, then the agreement could be expanded and entry into the Community was a welcome further step.

To underline this and take into account the still fragile state of the Spanish economy, the agreement provided for two stages: In the first period, a rapid dismantlement by the EEC of most trade barriers on industrial exports from Spain, with limited agricultural concessions, was to be followed by a balancing act on the part of Spain, which in turn would proceed with a sharp reduction of its barriers on imports from the Community in exchange for further mutual agricultural concessions.

This is where past and present history merge and where they cannot be dissociated in explaining the behavior of all the parties involved. Without going into the irritant political factor of such problems as Gibraltar, it must be underlined that Spain has always had deep underlying suspicions of French policymakers; while France, the main protagonist of the common agricultural policy and one of its main beneficiaries, as well as, with Italy, the only producer of Mediterranean agricultural commodities, feared that Spain would throw a wrench into the works in that area.

Negotiations for the first agreement were difficult, with France underlining that too many concessions were made to Spain in the first place.

When Spain proved more than reluctant to move to the second stage of the agreement, in particular after the return to a democratic regime, these suspicions were reinforced.

One of the first actions Spain took after democracy was reestablished was to ask for accession to the European Community. The latter, for the reasons given earlier, could — as it did with Greece and Portugal — only answer yes.

Spain then argued that there was no reason to move to the second stage of the existing agreement, as they were soon to be members of the Community. This argument on the Spanish side was in a way a valid one, for no country ever showed such unanimity in wanting to join the EEC. No dissenting voice was raised in the Cortes when the matter was put to a vote—and one can't think of an existing member of the Community where this would even be true today.

Seen from the Community, and in particular from the French side, this position was perceived as one of delaying tactics to continue benefitting from a one-sided, abnormally advantageous commercial agreement.

Furthermore, as the negotiations for enlargement progressed, in time the Spanish side often showed that they had not perceived the real nature of such negotiations. A negotiation to join the Community is not a classic bilateral discussion, with each side trying to maximize its advantages and minimize those of its partner. It is one at the end of which both parties are under the same roof and therefore must seek together the best solutions to what will later be common problems. The Community, for its part, did little or nothing to help the Spaniards better understand the new situation, as, for reasons mentioned above, it only too often tended to negotiate the same way.

Thus, too often the Spanish side approached the negotiation as if it were a classic bilateral one, and this is partly, at least, due to the protracted isolation in which the country had been; furthermore the new, young and efficient civil servants who staffed the upper echelons of the Spanish administration proved to be shrewd, tough and unrelenting negotiators.

Consequently the negotiations moved far more slowly than warranted and allowed unrelated problems such as the Community budget policy to catch up with them, while feeding ever more the climate of mutual suspicion and making the negotiations an issue of internal policies on both sides of the Pyrenees.

> "It is unthinkable that Spain be left out of Europe and its future developments."

The gloss of the first enthusiasm has now been tarnished, and under these conditions what can we forecast for the future?

In the first place, it is unthinkable that Spain be left out of Europe and its future developments.

But what could these developments be?

As the Community passed from six to nine and then to ten—and perhaps soon twelve—the idea was floated of a two-tier Community. The inner core—basically composed of the original members—would be free to take as quick a road to further integration as they wished, while the outer ring would progress at a different speed more compatible with the level of economic development of the new members. The protagonists of this theory believed they would thus prevent the convoy from having to move at the speed of the slowest ship—a very real problem in an enlarged Community where differences of development were now very great, the GNP per capita of Portugal and Greece, or even Spain, being one third less than that of the more developed members of the Community.

It is clear, however, that economic integration goes hand in hand with political integration, and that the counties of the outer circle would not participate, or participate only marginally, in the policy-making decisions.

In the logic of this approach, it even became apparent that nothing would then prevent certain if not all EFTA members from joining the outer core, as countries like Sweden had not joined the Community in the first place for political reasons only.

But it is equally clear that countries like Spain had asked to join primarily for political reasons. Such a

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development would therefore be self-defeating.

Thus the first question we should address is whether the change in internal political philosophy which has intervened in countries like Greece or Spain might lead us to review the abovementioned conclusion. It is my personal belief that while a question mark might still be put in the case of Greece, this is not the case for Spain.

If this is true, the only problem which remains is to determine under what conditions Spain can join without undue strains being put on the adaptation process of its economy, as well as those of its partners.

> "On the whole the Spanish economy is to a large extent complementary to that of the Community."

The first answer is to be found in the length of the transition period. The longer it is the smoother the path. Yet it cannot be so long as to be indeterminate. The figure of ten years has been put forward as a maximum in this case. This means that during the ten years following enlargement to include Spain, derogations to the full application of Community laws and regulations could be envisaged in some or all of the sectors.

It is clearly not my purpose here to enter into all the nitty-gritty of the negotiations. Be it sufficient to say that on the whole the Spanish economy is to a large extent complementary to that of the Community. In particular the fears expressed by the French concerning the situation in southwest France are grossly exaggerated, as it would find its natural complement in the northern provinces of Spain.

The difficulties which will arise will be mainly in certain industrial sectors—textiles, steel, shipbuilding—which are already in dire straits in the existing Community, as well as in agriculture (wine, olive oil) and fisheries.

The two main problems which derive from the abovementioned list are:

1) How does the Community ensure a net transfer of resources from its northern members to those on its southern borders in order to ensure that the rate of development in these countries remains higher than in the remainder of the Community, thereby ensuring that the gap between them is progressively filled.

2) How can one ensure that Spain in particular does not take over inside the Community the export market of the other Mediterranean countries, thereby creating a potentially explosive political situation in those countries which would lose their main export market?

The problem thus seems to go far beyond the scope of the Community and to interest the whole Western Alliance and the United States in particular; and the challenge thus facing the Community and Spain is a difficult one to meet.

On the one hand the Community, originally designed for Northern European countries, has to revise its workings to take into account its now substantial existing and potential southern component. This has to be done in a way to guarantee a steady net flow of resources from the wealthier North to the poorer South. This is not inconsequential, particularly in a period of recession, restructuring of the economies, and high unemployment. The flows to which we refer amount to billions of dollars of net transfer of resources every year.

Furthermore, the economies of the other Mediterranean countries have to be taken into account. Be it Turkey, Israel, Yugoslavia, or the Arab states, arrangements have to be concluded which will guarantee an outlet for their exports and a steady rate of development for their economies. Thus only can one guarantee the stabilization of the southern flank of the Western Alliance and prevent a political and economic destabilization of the nations bordering the Mediterranean. This will have an impact on the economic relations with the remainder of the world and in particular with the U.S.; it cannot be achieved without their active support.

While these arrangements are a necessary condition for the successful accession of Spain, they are not sufficient. Action on the part of Spain is also needed. It is indispensable for the Spaniards to overcome their traditional mistrust of their European partners. There is no place for Spain outside of Europe. Dreams of a new Hispanidad encompassing South America, or of a role as a link with the Third World or within the group of non-aligned countries, are but pipe dreams. The time has come for Spain to change its approach to the problems of enlargement. Trying to squeeze the last drop of the lemon on each issue and to drive hard bargains at every stage of the negotiation leads to the European partners taking the same attitude towards Spain and measuring between themselves the contribution each will have to make towards Spain. By identifying the sacrifices each makes, the future of the whole is jeopardized and its global advantages forgotten. A return to the original political motivations is called for now.

Then and only then can one be sure that the enlargement of the Community and its future will be successful, and this before too many years. □

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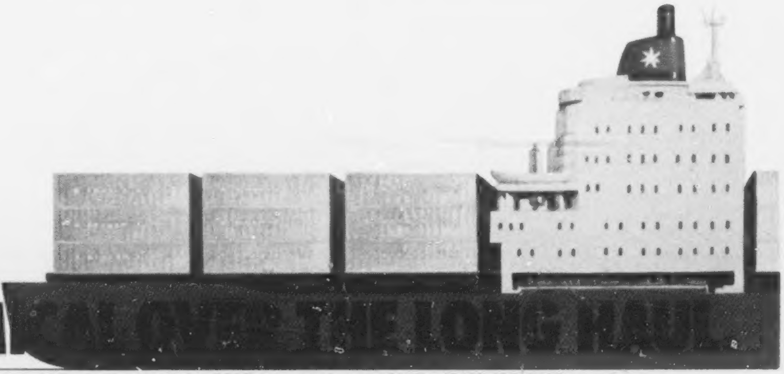

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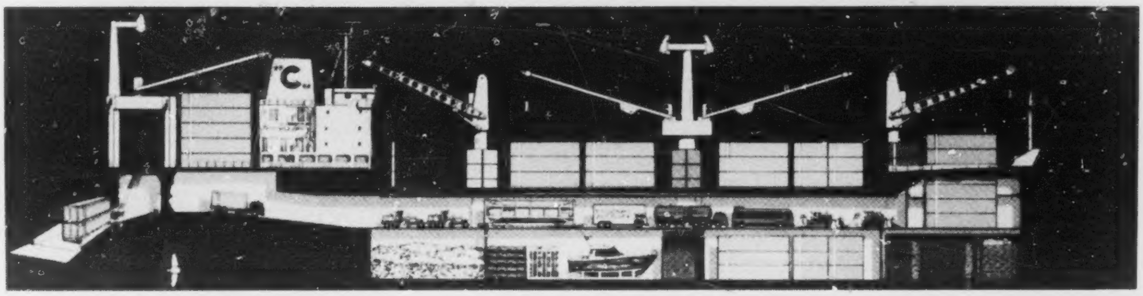

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Lloyderson to Market Six Spanish Doll Lines

Generations of Spanish art and craftsmanship are represented in this display during the 1983 Toy Fair, as six well known lines get a new home in Lloyderson's "Gallery of Dolls."

Commercial Counselor Rafael Aguilar cuts the ribbon to open the celebration as Mary Carmen, Lloyderson New York manager (center) assists.

SPANISH DOLLS took center stage at a gala reception at the 200 Club on February 10th, during the 1983 Toy Fair. The occasion was a celebration of the debut of six lines of magnificently crafted Spanish dolls which will be brought to the U.S. market by Lloyderson Dolls & Plush, a division of Lloyderson International Ltd. It was also a celebration of the tenth anniversary of the company, a privately owned, diversified international trading company. An array of the exquisite imports faced the guests, who sipped Spanish wine.

The dolls will be displayed in the "Gallery of Dolls," Lloyderson's showroom in suite 1208 of the New York toy building at 200 Fifth Avenue. The versatile doll lines include baby dolls, fashion dolls, and collector limited edition dolls and they range in suggested retail price from $4 to $175. The Spanish dolls represent generations of growth in Spanish art and craftsmanship, the essence of old world doll creation.

Lloyderson is the exclusive U.S. importer and distributor for José Marín Verdugo, S.A. (the Marin Selection Line); Fábricas Agrupadas de Muñecas de Onil, S.A. (Famosa); Mary Vazquez, S.A.; Quart-5, S.L.; and Piluca and Felsan. The sixth line is the limited edition porcelain dolls of U.S. artist Julie Good-Kruger.

The twelve Marin Selection Dolls are an example of dolls designed to appeal to collectors. They depict the changing fashions of dress from the 15th to the 20th century, each authentic to the period and life style of the age and reflecting the political influences of the time. Each doll is made of soft vinyl and stands 16 inches high. The hand-painted faces are framed in unique and original hairstyles according to the period of dress. All accessories are individually created by hand, and the dolls are secured to a finished wood stand with the name of the doll and its century printed on a metal plaque.

The Marin Selection line is manufactured by a 50-year old family-owned business, José Marín Verdugo, S.A., which employs 400 craftsmen and produces over two million dolls each year.

Marin Selection Dolls have a suggested retail price of $130, with a special limited and signed edition of six dolls at $175.

At the other end of the price spectrum are Famosa Dolls, a line ranging from a suggested retail price of $4 to $64. There are over 256 different dolls and accessories in the Famosa line, both new dolls and dolls familiar and popular for years. Despite their relatively low price, the dolls are handsomely crafted and have a true-to-life look. Among the most popular are the new-born baby book dolls in both mechanical and non-mechanical styles, with and without hair. Some of the dolls in the line have soft stuffed bodies, while others are of soft vinyl. They vary in size from 4 inches to 22 inches high.

The Famosa line is produced by Fábricas Agrupadas de Muñecas de Onil, S.A., commonly known as Famosa, a company deeply rooted in the history of Onil, Spain, a center of Spanish doll craft. Famosa, the largest doll company in Spain and one of the largest in Europe, was formed in 1957 when a number of the heads of smaller doll factories in Onil combined their enterprises in 1957. Today the company is modern, almost fully integrated, and has a highly quality-controlled environment.

In the middle of the price range are the dolls of Mary Vazquez, made entirely by a few women in a Madrid factory. The pressed felt molded original faces of the dolls are all hand designed by Mrs. Vazquez. They are then hand carved, molded and cast in vinyl; felt is then applied as a mask. The superb workmanship is skilled and meticulous. Mrs. Vazquez herself colors the basic features of each doll, completing the painting of the eyes and mouth. Each doll has a different expression, shade of wig, eyes, and fabric. Each is a total work of art!

The dolls' costumes are of soft batiste and cottons, trimmed with lace and satin ribbons. The bodies are of soft cotton, and some large baby dolls can turn their heads. The line consists of four types and sizes of dolls, each available in a variety of soft pastel-colored outfits. The suggested retail price range is from $50 to $125. □

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By SAMUEL D. EATON

The Transition in Spain: The First Four Stages

"In the years since 1974, Spain's new leadership has faced each challenge of a complex process of political change along previously uncharted paths with remarkable success," said Mr. Eaton in this paper presented at the Tufts University symposium (see page 9). Mr. Eaton analyzes perceptively the challenges and how they were faced.[1]

THE WORLD AND SPAIN were psychologically unprepared for the death of Francisco Franco when it occurred on November 20th, 1975. Franco had been Spain's unquestioned ruler for almost forty years. The Spanish, and others, had grown more than accustomed to his ways. And his ways, together with an economic boom in the rest of Europe, had given Spain unprecedented stability. His increasing infirmity with advancing years had been abundantly evident for some time. But few thought of his actually dying and of what Spain might be like afterwards.[2]

When he did die, the reaction of many outside Spain, and a substantial number within Spain, was not optimistic. Indeed, the world seemed peopled with cultural, structural and institutional pessimists regarding Spain. Yes, greater opportunities for political liberty might now be at hand, as so many Spaniards and other desired. But could Spain govern itself well without the firm hand of the Caudillo? Most outside observers doubted it. They remembered the Spain of the anarchists, of the Civil War of the 1930s, and of the blood-on-the-sand passion and violence of Hemingway. They had in their minds a Spain of two classes, irreconcilable, unruly, and unrulable. They expected a return to disorder and violence, followed by forceful assertion of authority by a new caudillo or by the military as an institution.

But Spain and Spaniards were much better prepared socially and politically for life without Franco, and the freedoms that would come with it, than most understood. Spain had changed fundamentally in the latter years of Franco and was, on November 20th, 1975, ready for a democratic transition. In the years since then, Spain's new leadership has proved this by facing each challenge of a complex process of political change along previously uncharted paths with remarkable success.

There was no advance master plan for its doing so. Rather there was a step-by-step grappling with issues as they arose, guided — and this was fundamental — by the central conviction that Spain must now be democratic.

The First Stage of the Democratic Transition: The King Prepares

In the first stage after Franco's death, King Juan Carlos concentrated on consolidation of his own position through key personnel appointments and enhancement of his own image through travel.

The critical jobs to be filled were President of the Cortes, Prime Minister of the Government, and Deputy Prime Minister of the Government, and Deputy Prime Minister for Defense Affairs. The King doubtless would have liked to put his personal choices in all three of those positions immediately. However, he encountered such difficulty in obtaining agreement to his selection of the first of the three, Torcuato Fernández Miranda as President of the Cortes, that he had to postpone for a few months the appointment of his own men to the other two key posts.

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[1] This issue contains the first half of Mr. Eaton's paper, titled "Spain Today and International Implications of the Current Economic, Business and Political Scene." The second half of the paper will appear in our next issue.

[2] This step-by-step process is described in some detail through its first five years in *The Forces of Freedom in Spain 1974-79: A Personal Account* by Samuel D. Eaton, Hoover Institution Press, Stanford University, Stanford, California, 1981. This paper draws heavily on that account.

Meanwhile, he and Queen Sofía traveled about Spain and to the Dominican Republic and the United States. Wherever they went, they made an excellent impression. They were open and personable. And their message of commitment to democracy and personal concern for their people was welcome. The position of the King, and of the Monarchy, was thus strengthened.

Then, on June 3, 1976, some seven months after Franco's death, the King made his next major personnel move. He removed holdover Prime Minister Arias and replaced him with a rising young, but as yet relatively unknown, political figure, Adolfo Suárez.

The Second Stage of the Transition: Preparation for Elections.

The King chose the relatively inexperienced Suárez as his Prime Minister because he believed Suárez would be responsive to him in leading a more rapid and profound democratic transition than would Arias or other traditional politicians, who depended chiefly on their ties with the Right. And Suárez responded by changing from conservative, gradual persuasion of the Right to unprecedented dialogue and compromise with the Center Left and Left. The central purpose was to arrive as soon as possible at national elections that all would recognize as free and fair. This was accomplished in a year's time in a series of decisive and in some cases dramatic steps.

The first step was a Political Reform Act, passed by the old Cortes (thus assuring the disappearance of this Francoist institution of the past) and adopted by referendum, that provided for a new, elected bicameral legislature.

With the Reform Act having been specifically endorsed by the representatives of the *ancien regime*, and overwhelmingly by the people, there followed an electoral law negotiated among principal political factions; recognition and registration of the Socialist party and also of the Communist Party; the release of virtually all political prisoners, including even some convicted of assassination or complicity in assassination; and, finally, the hammering together of a center political party to compete in the elections against the Socialists and the Communists on the left and the Francoists on the right.

The Political Reform Act and the electoral law were consensus documents. The legalization of the Communist Party—and also, to a lesser degree, the inclusion in the political game of the Socialist Party—and the release of virtually all political prisoners were acts of political audacity. They were so opposed by the Right as to have seemed highly unlikely a few months before they occurred. But they were also acts of high political practicality. The central idea behind them was that for the elections to be seen to be fair and credible — and to be accepted fully in both Spain and abroad — those elections must be open to everyone who had any claim at all on participation. There must be no question about them. An ancillary idea was that the legitimacy of a government of the Center — if that was what was to be the result—and the relative weakness of the extremes of both the Right and the Left could only be demonstrated fully by the exposure of both the extreme Left and the center Left, as well as the extreme Right and the Center, to the measurement process of open elections.

> "Almost everyone saw a connection between economic responsibility (stabilization) and preservation of political liberty, and almost everyone in Spain wanted to defend political liberty."

But for the Center itself to be accurately measured in elections, it needed a coherent electoral vehicle — a cohesive party. This bit of critical institution building was only accomplished in the last weeks before the elections. The personality of Prime Minister Suárez provided the centerpiece. The magnitude of the political party institutional problem is illustrated by the estimate shortly after Franco's death that there were then over 300 political parties in Spain. Yet when the elections took place, a year and one-half later, only a half dozen were significant on a national scale: The Union of the Democratic Center (UCD), headed by Suárez; the Spanish Socialist Workers Party (PSOE) headed by Felipe González; the rightist Popular Alliance (AP) Party, headed by Manuel Fraga; the Spanish Communist Party (PCE), headed by Santiago Carrillo; and two or three regional parties from the Basque country and Catalonia.

The elections occurred on June 15, 1977. They culminated the second stage of the Spanish political transition. It was a "day for the poets," as one Spanish political commentator wrote. Almost everyone voted who could vote. There was no violence. There was, instead, enthusiasm—even euphoria—at the idea of being able to vote freely for national leadership after forty years without that opportunity. And the results justified the expectations. They gave victory to the center UCD, although by a relatively small margin over the center-left PSOE. Both the Right, represented by the AP, and the extreme Left, represented by the Communists, got less than 10% of the votes. The elections revealed a Spain that wanted to travel a moderate center to center-left path, and that it would not support the extremes.

The Third Stage of the Transition: Constitution-Writing, Governance, and Institution Building

The principal work of the third stage of the transition was constitution-writing. The elections had provided, in the new Cortes, a truly representative deliberative body for this purpose. Any constitution written by anyone before the elections would have lacked legitimacy, no matter how excellently crafted. Now there was a place for drafting and a forum for debate whose political base no one could question.

But while the Constitution was being drafted and debated there were pressing issues of governance and institution building to be dealt with: The economy, labor policy, regional autonomy, military reorganization, and better political party organization.

The economy had been neglected in favor of politics during the first two stages of the transition. The result was accelerating deterioration. By the time elections were held, inflation was approaching 30% and foreign exchange reserves, which had been substantial, were rapidly dissipating. The new government installed after the elections, headed again by Suárez, appointed Spain's most prestigious economist, Enrique Fuentes Quintana, as second vice president for economic affairs. Fuentes Quintana accepted this position on the assurance that he would have full support in the designing and implementing of a stabilization program.

Design and implementation were matters fully within Fuente Quintana's competence. But support was another matter. It was political, not technical, in nature. It required not only a positive exercise of will by the government, but also at least implicit acceptance by business and labor and all principal political parties. Surprisingly, what was actually achieved went beyond that. Not simply implicit acceptance was obtained but, rather, explicit agreement.

In the autumn of 1977, Suárez called to his residence the leaders of all major political parties and in a few days hammered out with them a comprehensive stabilization program. The program, drafted by Fuentes Quintana, with experts representing political leaders looking over his shoulder, was set down in an unusual document called the Moncloa Pact. It was signed by all the principal political leaders from Manuel Fraga of the AP on the right to Santiago Carillo of the PCE on the left.

How was it possible to achieve this remarkable consensus in support of a stabilization program that had short-run costs for so many in terms of price, wage, credit, and public spending restraint? The simple, and dramatic, answer was that almost everyone saw a connection between economic responsibility (stabilization) and preservation of political liberty, and almost everyone in Spain wanted to defend political liberty. Moreover, almost no one wanted structurally radical new economic experiments. In this answer lay an extraordinary new demonstration that Spain was both committed to democracy and concentrated politically in the center.

The stabilization program could not succeed over a sustained period without the concurrence of labor. This was obtained partly through dialogue, partly through labor's own conviction that continuance of political liberty depended on sound economic policies, and partly as the result of government actions in other fields. Those other fields were, most notably, tax reform, labor legislation legalizing free trade unions, the elaboration of satisfactory regulations covering labor union elections, and the holding of these elections. The labor elections showed the Communist-led labor unions, the so-called Workers Commissions, to be in the lead with 37%, and the Socialist-affiliated General Union of Workers with 31%. Because the independents were splintered, the Socialist-affiliated unions were the principal contenders with the Workers Commissions for coherent labor power.

But neither the Communists nor the Socialists wanted to challenge the government on labor or other policy. They were both satisfied with the organizational and operational gains labor had made, and convinced of the importance of economic stabilization to the preservation of democracy and thus the protection of those gains.

Like the economy, regional autonomy could not wait for attention until the constitution was drafted and approved. The demands from the Basque country and Catalonia, in particular, were too deep-seated and persistent. The government was not prepared to propose definitive responses to this critical and delicate issue before a nationally agreed framework for those responses had been established in the constitution. But it could, and did, enter into interim arrangements with the Basque provinces and Catalonia which provided symbols of recognition of the legitimacy of at least a measure of their aspirations and also some indication of the direction of the ultimate solution. These arrangements provided for the re-establishment of the Generalitat, Catalonia's traditional governing body, and the establishment of a Basque Regional Council. This was enough for the Catalans at this stage, but it by no means satisfied the Basques. Their frustration was the greater when the government and the UCD supported the Socialists over the Basque Nationalist Party (PNV) for leadership of the Basque Regional Council. Negotiations with the Basques over the autonomy provisions in the Constitution were therefore highly contentious, terrorism increased in the Basque country, and the Basque economy suffered from the lack of security.

While the economy, labor and regional matters were being dealt with, there were also two institutional issues which could not entirely await the outcome of the constitution-writing process. One had to do with the military. The military was traditionally one of Spain's principal institutions, politically as well as professionally. It had languished in both respects during the latter part of the Franco period. Franco had arranged, in 1953, to associate it with Western defense through a bilateral agreement with the U.S., but he kept it on short tether with regard to both funds for modernization and breadth of mission. He governed primarily through civilians, even though there were four military members of his cabinet—the Ministers of the three services and the Chief of the High General Staff—and even though Admiral Carrero Blanco was his closest confidante and first Prime Minister. Nevertheless, the military retained the symbols of power, a tradition of concern over political matters, and strong views, particularly on four issues: communism, public order, national unity, and its own organizational arrangements.

> "The military and many conservative Spaniards felt popular license had come with political liberty, and they did not like that."

In all four of these regards, it felt that it had reason for concern as the political transition from authoritarianism to democracy progressed. The legalization of the Communist Party in the Spring of 1975 was a shock that led to the resignation of the Minister of the Navy and a statement of dissatisfaction by the High Army Council. The military leadership believed it had had Suárez' early assurances that the Communist Party would not be legalized. It felt betrayed, and it would not soon forget.

Public order problems grew rather than declined after the advent of democracy. Terrorism continued, and in fact increased, in the first years of the transition. And added to terrorism was a rapid increase in crime in the cities and a sudden, exaggerated relaxation of public moral standards. Robbery and rapes rose in urban centers toward U.S. and European levels. The rigid religiosity and decorum of the Franco years was replaced almost overnight by *Playboy* and X-rated movies. The military and many conservative Spaniards felt popular license had come with political liberty, and they did not like that.

The interim regional autonomy arrangements with Catalonia and the Basque country were also a source of discomfort for the military, even though at this stage they were largely symbolic. The military was strongly committed to national unity, and it did not know how far the unravelling of the existing unity might go from this beginning.

Finally, with regard to organizational matters, the government, with the King's personal choice, General Manuel Gutiérrez Mellado, as First Vice President for Defense Affairs, began to take steps regarding military organization that, while they were modernizing in nature, were unsettling. A Ministry of Defense was created, and Gutiérrez Mellado was named the first Minister of Defense. This led not only to a more systematic effort than in the past to rationalize and coordinate military matters among the services — never an easy matter — but also to a reduction of the military presence in the cabinet. Now the military had only the Minister of Defense to represent it there. Before, the Ministers of Army, Navy and Air Force and the Chief of the High General Staff had all been present. This confirmed symbolically the intention of the King and the government that the military should not play a major political role in the new Spanish democracy. Moreover, some in the Ministry of Defense began to talk about lowering the retirement age for general officers from the mid-sixties to sixty and about introducing stronger merit considerations into the military promotion process. These were important moves if the Spanish military was to modernize, but they were scarcely calculated to ease the minds of the existing military leadership.

The military showed its discomfiture by occasional outbursts. Suárez and Gutiérrez were unpopular with it. The King's judgment and loyalty to Spain's best interests were questioned by some at higher levels in private. But the military was not prepared to take any decisive, rebellious action, at least at this stage. Its commanders were old, comfortable in their career

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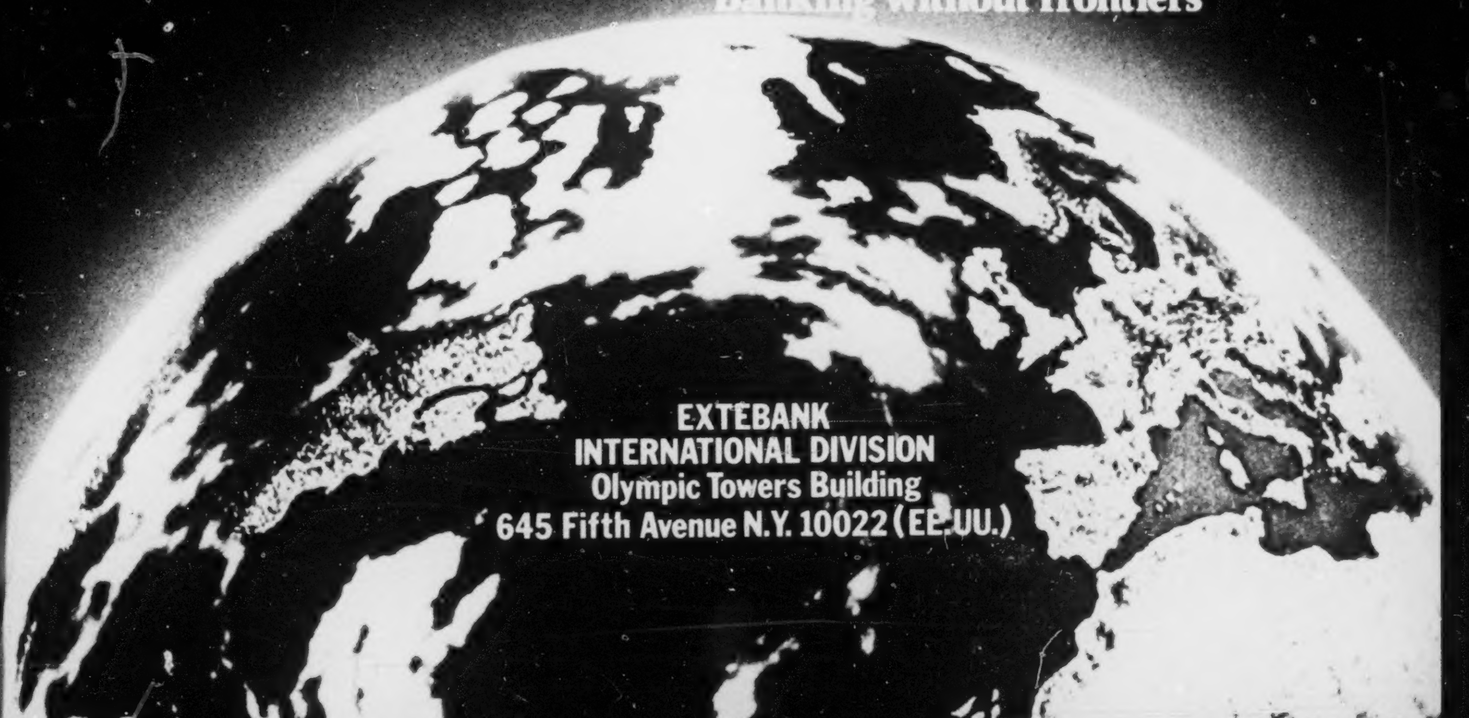

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patterns, and on the whole not inclined to take personal risks. They had no stand-out opposition leader. Moreoever, the country had shown its support for democratization through the overwhelming adoption of the Political Reform Act. Thus the Government's beginning at military reform could continue its course despite military reluctance and grumbling.

The other institutional matter to be dealt with during the constitution-writing period was political party posture and organization. The elections had seemed to show a Spain with the political balance somewhat to the left of center, a Spain that wanted change but not disruption. All principal parties except the rightist Popular Alliance adjusted their stances to this pattern of voter preference after the elections. The Communists showed their best Eurocommunist face. Under the leadership of Santiago Carrillo, they even renounced Leninism and, rhetorically at least, democratic centralism. The Socialists acted more like Social Democrats than some of their rhetoric would have indicated, and their leader, Felipe González, hinted that his party might do well to drop the term "Marxist" from its self-description. The UCD tended also to favor Social Democratic positions, although to the discomfort of some of its Christian Democratic members. Meanwhile the Popular Alliance, under Fraga, continued firm in its right-wing, law-and-order, nostalgic-Francoist stance.

The PCE and the PSOE were in much better condition with regard to party organization than the UCD. The PCE was tightly organized under a well-recognized leader, Santiago Carrillo, even though some of its membership was not happy with the degree of his Eurocommunism. The PCE had come under the new, vigorous and able leadership of Felipe González. It had a country-wide organizational structure and now was able to broaden its base by bringing in the small but prestigious Popular Socialist Party under Tierno Galván. But the UCD had come under Adolfo Suárez' leadership only just before the elections, and was a loose amalgam-of-convenience of Christian Democrats, Liberals and Social Democrats. It had no tradition as a party and little organizational structure. There was much work to be done. After a delay while he dealt with the pressing economic and regional issues, Suárez turned to the practical problem of party structure, organization and leadership in the summer and autumn of 1978. He first forced the various components of the UCD to renounce explicitly their separateness. He then named a secretary general of the party in the person of the young and able social democrat, Rafael Arias Salgado. And, finally, in October, he presided over a triumphant party congress attended by major political leaders from Europe and Latin America.

While the economic crisis was being dealt with, while regulations for labor elections were being negotiated and those elections held, while interim autonomy arrangements for regions were being developed, while military organizational reform was being initiated, and while steps toward clearer definition and better organization of political parties were being taken, the Constitution that was to set the legal framework for the future was being drafted in a unique but politically intelligent manner. Rather than being prepared and presented from above by the government or academe, it was painstakingly negotiated among representatives of the principal political forces. Seven respected members of the Congress of Deputies, whose parties represented some 85% of the electorate, sat as a drafting committee to produce a text for consideration by their parent committee. They leaked a preliminary version to the press, revised their draft in the light of the reaction, and completed their work in April 1978. Then followed full committee debate; full debate in, and approval by, the legislature; and, finally, broad approval by referendum by the electorate on December 6, 1978.

> "All principal parties moved toward the Center or the Center-Left in an effort to gain votes."

Almost everyone had some reservations about the Constitution. The provisions relating to regional autonomy, religion, and education were particularly contentious. But all the political leadership accepted it and 88% of the voters voted for it. It was a concensus political document, not a perfect academic text. In this political consensus, which was so laboriously achieved, lay the hope that this Constitution would last longer than its ten predecessors.

The Fourth Stage of the Transition: Suárez Seeks and Obtains a New Mandate, but Then Loses the Prime Ministership

At the end of stage three of the transition, and three years after Franco's death, Spain and its leadership were faced with the following principal political questions:

- Should Prime Minister Suárez attempt to continue to govern under the mandate of the June 15, 1977 elections for the remainder of the four-year period until June 1981, or should he move soon to new national elections? If there were to be new national elections, what should be the tactics and the focus of the pre-electoral period?

- Would the new elections, when they came, produce a government that could, and would, govern effectively?
- Would these second national legislative elections and the total process of the transition produce at least two principal political parties that would be viable alternatives for the effective government of Spain?
- What would the prospects for Spain be after the fourth phase of the transition?

The first question was soon answered. Suárez announced on December 30, 1978 that national legislative elections would be held in the near future. He realized he needed a new mandate. Questions had arisen increasingly in the previous year about the effectiveness of his leadership because of the seeming intractability of the Basque and terrorist problems (despite the interim autonomy arrangements); because of the continuing economic difficulties, even with the relative success of the first year of the stabilization program; because of differences over the treatment of religious and educational issues and regionalism in the Constitution; and because of rising concern over everyday public order and public morals issues. Under these circumstances, Suárez and the UCD would have had great difficulty in achieving reliable majorities in the legislature without confirmation of their mandate.

The stance of the UCD in the pre-electoral period naturally was to defend its record. It pointed to the democratic progress that had been achieved, to the support for the Constitution by almost 90% of those who voted, to a dramatic improvement in Spain's foreign trade and international reserve position; to a decline in inflation; and to an incidence of terrorism and public order problems that was, it maintained, lower than in other Western European countries.

The UCD also departed from its previous more conciliatory stance by saying that the time for a consensus approach to Spanish politics was now past, and by attacking the PSOE, its principal opponent, directly on its ambivalence respecting Marxism and for its stand favoring abortion and opposing private schools.

The PSOE, for its part, attempted to appeal to the Center-Left by projecting a moderate image and promising "firm government." The PCE called for a government of national coalition rather than for elections, hoping to maximize its position through participation in government. When the elections were announced and the campaign began, the PCE played up its Eurocommunist devotion to democracy and moderation. The Popular Alliance tried to recast itself in a somewhat more moderate mold by adding some personalities more inclined to the Center than to past Francoist leadership and by sloughing off its most reactionary leadership. Thus all principal parties moved toward the Center or the Center-Left in an effort to gain votes.

The results of the second national elections, held on

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March 1, 1979, were very close to those of the previous elections of June 1977. The UCD, perhaps buoyed by Suárez' election-eve attack on the PSOE for lack of ideological definition and, he said, untrustworthiness, held its 35% of the votes and actually gained two seats in the Congress of Deputies. The PSOE also held its previous 29% of the votes and gained three seats in the Congress of Deputies. The PCE advanced slightly from 9% of the votes to 10% and gained three seats. The Popular Alliance, which now called itself the Democratic Coalition, declined from 8% of the votes to 5% and lost three seats. In the municipal elections which followed on April 3rd, the UCD won by far the most municipal counciler positions and mayorships nationwide, while the Socialists and the Communists collaborated to win the mayorships in the larger cities, including Madrid, Barcelona, Valencia, Seville and Cordoba.

> "By 1981 terrorism was on the decline and confidence was beginning gradually to return to the Basque region."

With his national mandate confirmed, Suárez then returned to the problems of governance. The most pressing of these were definite regional autonomy accords to replace the interim arrangements; further address to the economy, which still had an inflation rate of around 16% and now had unemployment at 9%; control of terrorism and street crime; the completion of military reorganization; the decision on entry into NATO; the development of effective regional and local governments; the elaboration of a new series of fundamental laws to flesh out the Constitution; and the development of a consensus on such church-related matters as divorce, abortion, and education.

Major progress was made on one of these issues in the latter part of 1979 with the negotiation and the approval in the Basque region of the Basque autonomy statute, called the Statute of Guernica. The Statute provided, *inter alia*, for the following:

- The Basques would have a local parliament with power to pass local laws, but a Madrid constitutional court could nullify those laws.
- A security junta, composed equally of Basque and government representatives, would have police power in the Basque provinces, but the government could intervene to protect the "general interest."
- The central government would not directly collect any taxes in the Basque provinces except customs receipts and proceeds from certain national monopolies. Instead, it would receive negotiated lump-sum payments from the Basque regional treasury. Basque provincial budgets, in turn, would depend largely on locally collected taxes.
- The Basques would have greater control over local schools, including the right to teach the Basque language, but education would remain subject to oversight by the central government.

The purpose was to give the Basques enough control over their own affairs to attract the support of the large majority of the populace of the Basque provinces, and to isolate the extremists and the separatists, while the government maintained sufficient centralized control for the constitutional (and military) requirement of "unity of the State." As time passed, this purpose and this requirement appeared to have been substantially met. Although progress was not immediately evident, by 1981 terrorism was on the decline and confidence was beginning gradually to return to the Basque region.

Suárez was able to make progress on only one other major issue, however, before his political resourcefulness and strength ran out, at least for this round. That was divorce. To deal with this issue, he brought back into the government Social Democrat leader Francisco Fernández Ordóñez, who had been the architect of the tax reform in his first government. Now operating from the position of Minister of Justice, Fernández Ordóñez supervised the presentation and passage through the legislature in mid-1980 of legislation permitting divorce in Spain.

But the divorce legislation was highly controversial so far as the Right and a substantial portion of the Center in Spain was concerned, and its passage probably weakened Suárez, whose leadership was already being increasingly questioned from within his Party. There were a number of other factors also involved in the decline of Suárez' prestige. It was not clear what autonomy arrangements made sense in regions of Spain other than the Basque country and Catalonia. Yet similar arrangements were offered to other regions. And, in the case of Andalucia, the Suárez government's handling of an autonomy statute produced a defeat for the government's position and that of the UCD that reflected badly on him. Meanwhile, although some further progress was made in reducing inflation, unemployment continued on the increase and contributed to malaise. At the same time, while the Suárez government announced

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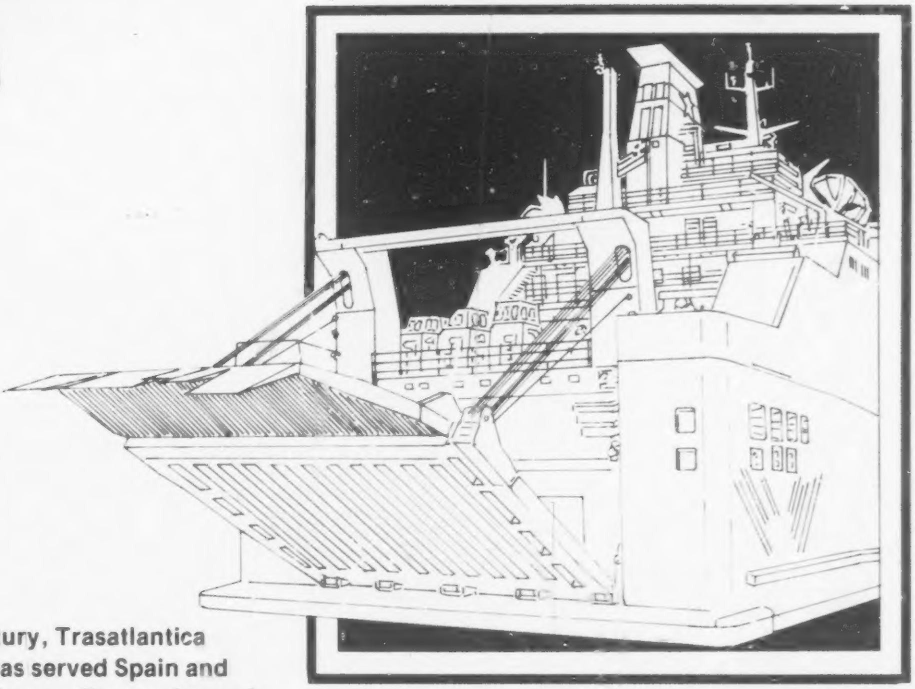

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Spanish Line

that it favored Spanish entry into NATO, it did not take decisive steps to this end. And there was no substantial progress on the other principal issues—street crime, and additional fundamental laws to flesh out the Constitution. There was an impression of drift and indecision. There was widespread dissatisfaction, and there were increasing reports of coup plotting.

But perhaps more important than these shortcomings with regard to specific issues — after all, there had certainly been many successes over a four-year period — may have been a tendency in the UCD to react to the increase in the malaise by moving back from the Center-Left position in which Suárez had placed it, some limitation in Suárez' management style, and even personal fatigue. The party as a whole may not have been comfortable with the divorce law, and many within it were not happy with an aborted Suárez invitation to Fidel Castro to visit Spain or with a Suárez embrace of PLO leader Arafat during a visit by the latter to Madrid. Whether Spain itself was moving back more toward the Center or the Center-Right politically could not be known before new elections were held, but the UCD itself seemed inclined to do just that. Meanwhile, Suárez was said to be increasingly withdrawn from the other party leaders, perhaps in part because of the cumulative effect of months and years of overwork. He was, in any event, a man of few intimate friends, and a leader who delegated little. Moreover, as one senior Spanish political observer noted, Suárez was an intuitive politician who had done remarkably well in leading the Spanish government through the first years of the transition when the mood of the Spanish people corresponded so well to his own—and presumably to that of the King, who gave him guidance. But he did not have the reserves, or inclination, at this point to adjust to changing circumstances. Thus it was that in January 1981 Suárez, with opposition to his leadership seemingly increasing on all sides, resigned his post as Prime Minister, saying enigmatically that he did not want democracy again to be only a parenthesis in Spanish history. □

To be continued in our next issue.

Maiden Voyages for Two Costa Line Ships

Above, the M/V Costa Arabica, built in Trieste, Italy in 1982, which made her maiden voyage to the United States earlier this year. A sister ship, the Costa Ligure, is about to make her debut.

The additions to the Costa Armatori fleet will call at Houston, New Orleans, Mobile, Miami, Baltimore and New York.

The new Costa carriers are mutli-purpose vessels with a dead weight capacity in excess of 27,000 tons. Designed by the Costa group, the vessels are a combination of ro/ro, container, breakbulk and bulk carriers. By utilizing the quarter stern ramp almost 900 lane meters of rolling stock can be stowed in the garage deck. The vessels can accommodate 1,026 TEU's. By using ship's gear, heavy lift capacity is 100 tons. But heavier pieces up to 376 tons can be taken over the ro/ro ramp. Each vessel has two stainless steel tanks and four epoxy coated tanks, all of which have permanently installed heating coils accommodating a total 2,600 tons of bulk liquids.

Both vessels will be used in the Mediterranean service.

PREPARED BY J. & A. GARRIGUES, NEW YORK OFFICE

Current Legislation in Spain

A SUMMARY OF LEGISLATION PUBLISHED BETWEEN JANUARY 1, 1983 AND FEBRUARY 28, 1983

NOTE: "Official State Gazette" is abbreviated as "OSG"

GENERAL

1. Office of the Head of State. Instrument of Ratification of the Acts of the XVII Worldwide Union Post Congress, executed in Rio de Janeiro on October 26, 1979 (OSG February 4, 1983).

2. Office of the Head of State. Order of February 23, 1983 regulating the official time during the current year. (OSG February 25, 1983).

The official time will be advanced one hour on Sunday, March 27th, 1983 at 2 a.m. and moved back one hour on Sunday, September 25th at 3 a.m.

ADMINISTRATIVE

1. Ministry of Industry and Energy. Royal Decree 4019/82 of December 15, 1982, modifying paragraph b) of Article One of Decree 1747/75 of July 17, 1975, providing the criteria for establishing Section A) of the Mining Law of July 21, 1973. (OSG January 31, 1983).

The criteria defining minerals included in Section A — low economic value — of the Mining Law of July 21, 1973, are established in Decree 1747/75 of July 17, 1975.

However, in order to bring such criteria up to date, the present Royal Decree provides the following requirements for considering a mineral as included in Section A of the Mining Law: The value of the total mineral cannot exceed 25 million pesetas; the number of employees working in the exploitation cannot be over ten; and direct commercialization cannot be in excess of 60 kilometers from the town where the exploitation is located.

2. Presidency of the Government. Royal Decree 267/83 of February 16, 1983, providing the rules to determine the number of members to be elected in Local Corporation. (OSG February 17, 1983).

3. Office of the Head of State. Organic Law 1/83 of February 25, 1983 on the Estatute of Autonomy of Extremadura. (OSG February 26, 1983).

The Territory of Extremadura encompasses that of the provinces of Caceres and Badajoz.

Those Spaniards with legal residence in Extremadura, and those Spaniards residing abroad whose last legal residence was in Extremadura will be considered as "extremenos."

The "Comunidades Extremenas" abroad may ask for a formal acknowledgement.

The flag will be green, white and red in equal horizontal stripes.

The official seat of the Junta will be located in Merida. The autonomous Community will have the competences established in the Statute in accordance with the Constitution, and will execute its powers through the Assembly, the Junta, and the President of the Junta.

A Superior Court of Justice is established. This Court will be the court of last resort on matters of local law ("derecho foral") of Extremadura.

INTERNATIONAL

1. Ministry of Foreign Affairs. Resolution of January 5, 1983 of the Technical General Secretary of the Ministry, including the list of communications between September 1 and December 31, 1982, in reference to international agreements signed by Spain. (OSG January 14, 1983).

2. Ministry of Foreign Affairs. Agreement of December 9, 1983 on Technical Cooperation, complementary to the Cooperation agreement between the Government of Spain and the Secretary of the Organization of American States executing part two of a project on domestic and international labor migrations, executed in Washington, D.C. (OSG February 4, 1983).

3. Ministry of Foreign Affairs. Notice of Termination by Spain of the Agreement Creating the International Institute of Cotton, executed in Washington, D.C. on January 17, 1966. (OSG February 11, 1983).

4. Ministry of Foreign Affairs. Agreement between the Governments of Spain and the United States of America on fishing on the U.S. coastline, executed in Washington, D.C. on July 29, 1982. (OSG February 17, 1983).

The 200-mile limit zone around the coastline of the United States is acknowledged by the present Agreement as a limit zone under the exclusive authority of the United States Government over its live resources, as well as the fact that Spanish fishers and ships have been involved in its development.

The Agreement establishes the procedure, conditions and terms under which Spanish ships are allowed by the U.S. Government to fish in the mentioned zone.

The Agreement also provides the system used to determine the total volume of captures and establishes the possibility of fines and penalties.

A four-member Spanish and U.S. Committee of Fisheries is established in order to settle any claims filed by citizens of either or both states against the other state in cases of financial losses and damages to ships and equipment.

Sources of the law would be the applicable international agreements, international custom, and the general prnciples of law. Jurisprudence and doctrine would be auxiliary instruments of the decisions of the Committee.

COMMERCIAL

1. Ministry of Economy and Commerce. Royal Decree 3907/82 of December 22, 1982 modifying paragraphs E) and F) of case 13, Section I of the first preliminary provision of the Customs Tariff. (OSG Jan 6, 1983).

The wording of the mentioned paragraphs is modified in the sense that merchandise and items reserved for personal or family usage, or serving as a gift, will not be considered as "commercial shipments" except in those cases where because of their importance, nature or amounts it could create commercial damage, according to the Customs Service. In such cases the merchandise would be excluded from the "travelers special regime" and a new regulation would be established to allow their importation into Spain.

2. Ministry of Interior. Royal Decree 3990/82 of December 22, 1982 modifying Royal Decree 3390/81 of December 18, 1981 on commerce of used articles which contain precious metals or stones and fine pearls. (OSG Jan. 28, 1983).

Transmission between owners of authorized commercial establishments are exempted from the requirements provided in Article 3 of Royal Decree 3990/81 of December 18, 1981. New forms to be filled out after each transaction are established.

3. Ministry of Industry and Energy. Royal Decree 4063/82 of December 22, 1982 modifying paragraph 2 of Article 4 of Royal Decree 1665/80 of June 6, 1980. (OSG Feb. 5, 1983).

This extends to December 31, 1983 the benefits granted by the law on importations of equipment in the preferred interest sectors of Royal Decree 1665/80.

4. Ministry of Economy and Commerce. Royal Decree 224/83 of Feb. 9, 1983 providing the extension of Royal Decree 1955/82 of Aug. 12, 1982. (OSG Feb. 10, 1983).

Spanish investments in foreign bonds were liberalized by Royal Decree 2336/79 of September 14, 1979. However, the substantial increase in the volume of the investments made necessary the suspension of the liberalization for a period of six months provided by Royal Decree 1955/82 of August 12 1982. The present Royal Decree provides a twelve month extension of the suspension. Thus Spanish investments in foreign bonds will require the previous authorization of the General Directorate of Foreign Transactions of the Ministry of Economy and Finance.

5. Office of the Head of State. Royal Decree Law 2/83 of February 23, 1982 on expropriation for reasons of public utility and social interest of Banks and other companies making up the holding "Rumasa". (OSG Feb. 24, 1983).

This Royal Decree Law can be summarized as follows:

a) Introduction.

- Reasons motivating the expropriation: Public utlity and social interest, the defense of the stability of the financial system, and the legitimate interest of depositors and workers, both of whom would be affected by a collapse of the Rumasa organization.
- Causes of the expropriation: The excessive concentration of risks, which was disproportionate with the solvency of the creditors; the continuous obstruction of the inspection proceedings; the unfulfilment of terms and extensions provided for the practice of external accounting; the non-acceptance of, and replies effected with already-made decisions to, the recommendations of the monetary authorities regarding the investments policy and concentration of risks.
- Reasons for the manner of the decision: The intervention through the Deposit Guarantee Fund or the suspension of the directors' functions would not have resolved the problems presented, which problems are not incidental but structural; the involvement of parent and subsidiary companies forces the expropriation of the whole holding, which constitutes a unit of direction and risk.

As a characteristic of the decision, it has been clearly established that the shareholders' rights would be fully respected through the payment of a fair price for their stocks.

b) Dispositive Part. The dispositive part of the Royal Decree Law has eight articles, the last of which provides for the coming into effect of the Royal Decree Law on the day of its publication.

The dispositive part can be summarized as follows:

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1) Compulsory expropriation of all the stock of the companies listed in the Appendix.

2) The State would be the holder of the mentioned stock through the General Directorate of the Patrimony of the State (Direccion General del Patrimonio del Estado) which acquires the stockholders' rights. The corporate rights would be exercised by the Deposit Guarantee Fund or any other institution appointed by the General Directorate of the Patrimony of the State.

3) The shareholders of each of the companies would be compulsorily reunited in a "Community of Shareholders" which will act in their behalf. They would appoint a representative committee consisting of a minimum of five members and a maximum of eleven to intervene at the General Meetings of the companies, which shall be held within a term of one month.

4) The value of each company's stock will be fixed by the Madrid Provincial Court of Expropriation if an agreement is not reached between each "Community of Shareholders" and the General Directorate of the Patrimony of the State.

5) The value of the stock shall be fixed in accordance with the correct balance sheet of each company. The goodwill can be included. If the balance is negative, no price will be paid for the stock, and it will be understood in that case that the legally required fair price would be absorbed by the cost that represents the assumption of the debts of the companies.

6) The Ministry of Economy and Finance will adopt the necessary measures to provide the required credits.

c) Appendix: A list of 232 expropriated companies was annexed. However, a correction of errors published on February 25, 1983, established that three of the companies mentioned were not included, and corrected the names of other companies.

6. Office of the Head of State. Correction of errors in Royal Decree Law 2/83 of February 23 on expropriation by means of public utility and social interest of Banks and other companies making up the holding "RUMASA". (OSG Feb. 25, 1983).

CONSTITUTIONAL TRIBUNAL

1. Decision of the Constitutional Tribunal of December 20, 1983, of the Plenary of the Constitutional Court, approving rules on public legal assistance on constitutional actions. (OSG February 9, 1983).

LABOR

1. Ministry of Labor and Social Security. Royal Decree 92/83 of Jan. 19, 1983 on payments in 1982 to Social Security, Unemployment, Wages Guaranty and Professional Education funds. (OSG Jan. 22, 1983).

Minimum and maximum bases and tax rates of the general system of Social Security are increased, as well as rates of the Unemployment Tax and Wages Guaranty funds. On the other hand, the rate of the Professional Education Tax decreases.

The Order of February 26, 1983, developing the present Royal Decree establishes the system of determination of the bases and timing of the payments to the Social Security.

2. Ministry of Labor and Social Security. Royal Decree 92/83 on reevaluation, increase and minimum amount pensions under the Social Security System. (OSG Jan. 22, 1983).

Retirement and disability pensions are increased 3,250 pesetas per month; widowhood and other pensions are also increased.

3. Ministry of Labor and Social Security. Royal Decree 100/83 of January 10, 1983, determining the 1983 minimum wage. (OSG Jan. 25, 1983).

This Decree establishes the new minimum wage which will be applicable to all workers in agriculture, industry or services from January 1 to December 31, 1983. Minimum whole wage for workers aged 18 or over is established at 32,160 pesetas per month.

4. Ministry of Labor and Social Security. Order of January 26, 1983, developing Royal Decree 92/83 of January 19, 1983. (OSG Jan. 28, 1983).

FISCAL

1. Ministry of Economy and Commerce. Royal Decree 2918/82 of December 29, 1982 partially modifying the rate of the Luxury Tax on acquisition of vehicles. (OSG Jan. 19, 1983).

The Luxury Tax rate applicable to the purchase of cars and motorcycles under 10 fiscal H.P. is established at 21.6%.

2. Ministry of Economy and Finance. Royal Decree 103/83 of January 19, 1983, extending to April 26th the partial suspension of customs tariffs on normal application. (OSG Jan. 27, 1983).

3. Ministry of Economy and Finance. Order of February 9, 1983 regulating the filing of returns on the Personal Income Tax and the Extraordinary Tax on Wealth for the 1982 fiscal year (OSG Feb. 18, 1983).

Taxpayers who obtain income or net worth increases over 300,000 pesetas must file tax returns. The order provides for two types of returns: Simplified and ordinary. Taxpayers whose annual income or net worth increases do not exceed 1,590,000 pesetas may use the simplified returns.

The returns shall be submitted between March 1 and June 10. Returns asking for reimbursements shall be submitted between June 10 and June 30.

The returns for the Extraordinary Tax on Wealth shall be filed during the same periods.

Payment of the tax can be made in installments, in which case 60% of the total amount shall be paid when filing the tax return and the remaining 40% before November 10.

FROM THE SPANISH NATIONAL TOURIST OFFICE

Shopping for Ceramics in Spain

"Generally, you'll find that costly, internationally known lines such as the famous Lladró figurines can be purchased for substantially less in Spain than elsewhere – something on the order of a 35% discount. . ."

By CHARLES OCHELTREE

OF ALL the myriad souvenir possibilities Spain has to offer, one rather fragile favorite is the country's highly touted ceramic products. Delicate, graceful Lladró figurines from Valencia, seemingly more hardy wares from Talavera, Puente del Arzobispo, and other towns in the province of Toledo, the distinctive blue and green jugs and plates of Granada, leather-bottomed pieces from Cataluña, and the symbol-decorated Sargadelos from Galicia—practically every region produces something unique.

Historically, the Moors are credited with importing, more than a thousand years ago, at least the appetite for ceramics, if not the various processes involved in their creation. What they left behind in the wake of 700 years of domination is an industry at the peak of its talent. And today, thanks to the millions of tourists whose purchases keep the artisans in innumerable factories hopping to meet demand, the industry is also at the peak of production.

Years ago it would have been necessary to trek to each little town and village to search out ceramics of just the right coloration, design work, or craftsmanship. But today that's no longer necessary. Wares from the four corners of the peninsula find their way to boutiques, department stores and curio shops throughout the country. Spain is a veritable emporium of ceramics.

Prices vary greatly, depending on the type of shop, the complexity and size of the item, and the level of workmanship. Generally you'll find that costly, internationally known lines such as the famous Lladró figurines can be purchased for substantially less in Spain than elsewhere. Something on the order of a 35% discount in price between U.S. stores carrying a particular item and that same item in Spain is common. Naturally, the higher in price an item, the more you can save by purchasing it in Spain.

Ceramic craftsmen at Puerto Lapize in the province of Ciudad Real.

To get a good feel for prices, it's advisable to check the going rate for ceramics in large department stores. Because they buy in bulk, their prices usually set a standard throughout the country. Smaller shops ask for something above the department store prices, but they are willing to negotiate downwards in many cases. If you know the going rate ahead of time, it helps you choose and bargain more effectively.

Roadside vendors near towns which produce ceramics are common, but be sure to bargain hard. They are already masters at the game, and frequently their prices are high just so there's a game to play. The same applies in the many open air markets in Spain.

One of the keys in shopping for ceramics is to remember that despite hardy appearances, they are breakable. In many respects, simple wares are easier to pack, and ultimately less breakable—plates, jugs, and floor and wall tiles. If you tastes do run to the fancy, finialed, multi-appendaged decorative pieces that

A table at the student hostelry in Alcalá (Madrid) is brightened by colorful Spanish earthenware.

abound, consider well how you plan to get it from there to here.

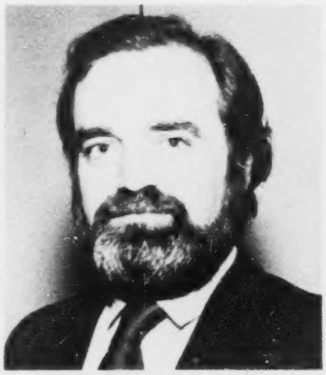
If you buy from a shop, be sure to have the pieces wrapped or packed in filler and boxed up securely. That way your prized possession won't end up being possessions.

When buying large pieces you have no intention of transporting yourself, be sure to deal with a reputable establishment. Get a complete receipt, one that bears the name, address and phone number of the store; request the same information from the shipping company to be used in the transport; and verify if your purchase is to be delivered directly to your home or business address. There's nothing more frustrating than to find, after returning home, that you must make a trip to the port of entry in the U.S. personally in order to collect it. Also check carefully the arrangements regarding insurance—who pays return shipment costs if it arrives broken? Must an insurance inspector from Spain examine damaged materials personally to verify the claim?—etc. It's far better to be safe than sorry.

For a closer look at how the artisans carry out their appointed tasks, many "factories" allow visitors to tour the premises. To assure yourself of a tour, you can have your hotel concierge call ahead to a fctory and advise them of your arrival. Many of the factories have "outlets" too, which can be a bargain hunter's delight. For example, at the Lladro factory just outside the city of Valencia, a "seconds" shop exists. As Lladro allows no item to leave the factory with even the most minute imperfection for sale through stores, this is the only place to get Lladro "irregulars" at rock bottom prices.

There are two museums in Spain which are ideal for investigating the full depth and variety of the Spanish ceramics industry. A visit to one or both might even help in deciding which style appeals to you most. In Madrid stop at the Museo de Artes Decorativas (Calle Montalban, 12; tel.: 221-3440). It's open daily from 10 a.m. to 5 p.m. and on weekends from 10 a.m. to 2 p.m. Admission is about $1.25. In Valencia, try the Museo Nacional de Ceramica, which is housed in the palace of the Marques de Dos Aguas (Rinconada Garcia Sanchiz, s/b). It is open from 10 a.m. to 2 p.m. and from 4 p.m. to 6 p.m. Admission: about 50 cents. □

Iberia Airlines Appoints Regional Managers


Salvador Humbert

Mariano Salinas

Iberia Airlines has appointed Regional Managers for the Southeast, Southwest, Midwest and West Coast areas of the United States, as part of their program of expansion within the U.S. market.

Mr. Salvador Humbert has been appointed Regional Manager for the Southeast and Southwest, and will be based in Miami. He was formerly Iberia's General Manager in San Juan, Puerto Rico. His duties will now include sales development within his territory, as well as airport operations at Miami.

Mariano Salinas has been appointed Regional Manager for the Midwest and West Coast. Formerly in charge of coordinating North American activities for Iberia's Regional America division in Madrid, Mr. Salinas will now be based in Chicago. His duties will also include sales development within his territory as well as Chicago airport operations.

Iberia Passengers Can Rent a Car in Spain for a week for $1.00

A Kemwel rental car with unlimited mileage for one week is being offered for only $1 per person to passengers flying to Spain on Iberia Airlines. The offer is available to passengers travelling round trip to Spain on Iberia who depart on Thursday, Friday, Saturday or Sunday from either New York or Miami; it expires June 30, 1983.

Cars may be picked up in one city and returned to another, and are available in Madrid, Barcelona, Malaga, Torremolinos, Santiago de Compostela, Valencia, Palma de Mallorca, Santa Cruz de Tenerife, Lanzarote and Las Palmas. The special $1 sale is available in conjunction with Iberia's Grand Class, Preference Class and regular Economy Class fares, but cannot be used with any Iberia tour packages. For more information call the Kemwel Group at 1-800-942-1932 in New York State; elsewhere 1-800-431-1632.

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News in Brief . . .

Spanish Government Expropriates the Rumasa Group of Companies

The Council of Ministers approved on February 23rd a Royal decree empowering the Spanish government to expropriate the banks and almost 700 companies of the Rumasa group. The group employs a total of about 60,000 workers and has a gross billing of over $3-1/2 billion.

The expropriation, it was announced, was "with the object of fully guaranteeing deposits in the banks, employee's jobs, and the rights of third parties," which the government considered to be "gravely threatened."

For details of the Royal decree, see "Current Legislation in Spain" on page 28.

Josep Lluis Sert, Spanish-born Architect, Dies at 80

Josep Lluis Sert, one of the world's most influential architects, died on March 15th in Barcelona, where he was born in 1902. In his long career in Spain and the United States, he served for sixteen years as dean of the Graduate School of Design at Harvard University and in 1980 won the Gold Medal of the American Institute of Architects, the highest award given by the professional organization to any architect.

Mr. Sert began his career as a painter, following his uncle, José María Sert, best known for his murals in the lobby of the RCA Building in New York. Turning to architecture, the younger Sert became interested in the work of Le Corbusier, and eventually he was the most prominent Spanish adherent of the modernist movement in architecture.

Identified with the Republican cause, Josep Lluis Sert came to the United States on the collapse of the Republican government in 1939. In 1953 he was appointed to the deanship of the Harvard School of Design, where he designed a number of Harvard buildings. He also created smaller buildings including a studio in Palma de Mallorca for Joan Miró, as well as the Miró museum.

U.S. Accords Reciprocal Privileges to Spanish Ships on Certain Items

U.S. Customs regulations have been amended to add Spain to a list of nations which allow U.S. vessels to transport some specified articles between Spanish ports; as a result, Spanish vessels will have the reciprocal privilege of transporting such goods between U.S. ports. The amendment became effective February 1st, 1983. The articles involved include empty cargo vans, empty lift vans, empty shipping tanks, and equipment for use with such vans and tanks, as well as empty barges and equipment and certain stevedoring equipment and material.

Section 27 of the Merchant Marine Act of 1920 provides that no merchandise shall be transported by water, or by land and water, between points in the United States except in vessels built in and documented under U.S. laws and owned by U.S. citizens. However, later amendments provide that if the Secretary of the Treasury finds that a foreign nation does not restrict the transportation of certain articles between its ports by U.S. vessels, the United States will accord reciprocal privileges to the vessels of that nation.

Number of Visitors to Spain Sets Record in 1982

In 1982, 42,001,323 people visited Spain, an increase of 4.7% over 1981, when visitors totalled 40,129,323, according to the Ministry for Transport, Tourism and Communications. 25,715,457 came by road, 10,853,190 by air, 1,940,885 by rail, and 602,960 by sea. In addition, 2,083,700 Spaniards resident abroad visited Spain, and 805,131 foreigners were in transit through Spanish ports.

Revenues from tourism for the period Jan. 1-Nov. 30, 1982 increased by 23.1% over the same period of 1981, to 725,165 million pesetas.

The greatest growth in numbers of tourists was from Finland, 24.4%. Increases were also registered in the numbers of tourists from Norway, 23.1%; United Kingdom, 19.3%; Italy, 17.7%; Sweden, 12.9%; Austria, 7.6%; Germany, 4.9%; France, 2.0%; and Denmark, 1.2%.

Tourism officials expect the 1983 figures to exceed 1982 and set a new record.

Entursa Hotels of Spain Appoints Marketing Ahead as Representative

Entursa Hotels of Spain has appointed Marketing Ahead, Inc. as the representative in the U.S. and Canada of its chain of ten hotels in Spain, several of which are located in monumental buildings which have been converted into deluxe hostelries. Included among them are the Hotel de los Reyes Católicos in Santiago de Compostela, the Hotel de San Marcos in León, and the Hotel Alfonso XIII in Seville, as well as the Hotel Jerez in Jerez de la Frontera, the Hotel Sarria in Barcelona, the Hotel Chamartin in Madrid, the Hotel Mencey in Santa Cruz de Tenerife, the Hotel Iberia in Las Palmas de Gran Canaria, the Hotel La Muralla in Ceuta, and the Hotel Santa María del Paular in El Paular.

Marketing Ahead also represents the 83 Spanish paradors, as well as many other distinguished Spanish hotels. Reservations for all the hotels represented can be made through Marketing Ahead, Inc. at 515 Madison Avenue, New York, N.Y. 10022; telephone (212) 759-5170 (Outside New York State toll free, 800-223-1356).

Ministry of Finance and Economy Reports on Spain in 1982

According to figures released by Spain's Ministry Finance and Economy, the following is the Government's assessment of the situation at the end of 1982:

Economic Growth. The Spanish economy remained stagnant during 1982, with a GDP growth of about 0.5%, slightly below that of 1981.

Inflation in 1982 was about 13.5%, one point lower than in 1981 (14.4%).

Unemployment continued to rise during 1982, with 2,150,947 people registered at unemployment offices at the end of 1982, or 16.53% of the total working population. At the end of 1981, 1,743,000 people were unemployed, 13.5% of the working population.

Public Sector. The national debt has risen more than was forecast for the year, the deficit in civil service spending exceeding one billion pesetas, vs. the initial forecast of 750,000 million pesetas. This compares with a 1981 deficit of 618,000 million pesetas.

Investment. Only foreign investment maintained an acceptable level of growth in 1982; private investment was conspicuous by its absence. The public sector, however, set aside 825,000 million pesetas for investment.

Balance of Payments. Although the Balance of Payments on Current Account improved in 1982 (to a deficit of about $ 4.5 billion vs. $5 billion in 1981), the pace of the dollar as compared with the peseta has forced the devaluation of the peseta by 8%. Foreign reserves have fallen by more than $4 billion ($11.052 billion at the end of 1982, as opposed to $15.336 billion at the end of 1981), and foreign debt has remained about the same ($27.5 billion vs. $27.205 billion in the same month of 1981).

Industrial activity has remained stagnant throughout the year, without the forecasts made at the start of 1982 being fulfilled. An expected upswing in the last quarter did not materialize, being hindered by the electoral period.

Agriculture. 1982 was a better year for the agricultural sector than 1981—the drought situation of 1981 had passed, and good harvests were obtained in most cereals, oils and fruits. These harvests, however, were smaller than those of 1980.

Expected growth in 1983. The Minister for Finance and Economy has prepared the 1983 budget on the expectation of a growth of 2% in the GNP for the year. Exports are forecast to increase by 0.5% and imports to decrease by 1.5%. Inflation is estimated at 12.5% for the first six months and 12% for the entire year.

Assets of "Big Seven" Spanish Banks Grew 21.4% in 1982

The seven largest Spanish banks (Banesto, Central, Hispano Americano, Bilbao, Vizcaya, Santander, and Popular) last year increased their global resources by 1,249,044 million pesetas to a total of 7,078,723 million pesetas, an increase of 21.42%. This growth rate is 3.6 points larger than the rate by which their assets grew in 1981 (17.76%).

Banks	12/31/82	12/31/81	Variation	%
Central	1,459,951	1,090,539	369,412	33.87
Banesto	1,468,398	1,183,620	284,778	24.06
Hispano	1,104,298	1,010,621	93,677	9.27
Bilbao	1,000,926	836,139	164,787	19.71
Vizcaya	788,938	647,496	141,442	21.84
Santander	738,606	624,145	114,461	18.34
Popular	517,606	437,119	80,487	18.41
Exterior	439,008	362,451	76,557	21.12

Hispanic World's Fair to be Held in Coliseum July 15th, 16th and 17th

The fifth annual Hispanic World's Fair will be held in the New York Coliseum on July 15th, 16th and 17th. The fair in the past has attracted over 2,000 retailers and more than 100,000 visitors each year. Its purpose, according to its sponsors, is "to create recognition for the Hispanic community as a positive and productive economic force in this nation." Participants include major national and international corporations, local retailers, community organizations, government agencies, educational institutions, and Hispanic cultural organizations.

For information on the cost of participation, contact the Hispanic World's Fair, 2 Penn Plaza, Suite 1500, New York, N.Y. 10001; telephone (212) 563-5065.

Spain's Tax Burden vs. GNP Among Lowest of OECD Countries

Spain is among the countries where the tax burden is lowest in relation to its Gross National Product, according to a survey published by Lloyds Bank. In a list of 23 countries, it is followed only by Turkey. The United States is in 17th place on the list.

Spain's tax burden, based on 1980 figures, represents only 25.6% of GNP, as compared with an average of 36.4% for all OECD countries.

In a comparison based on personal income tax as a proportion of GNP, Spain also ranks next to last, with 5.3% vs. an OECD average of 12%. In last place in this ranking is Greece.

The Lloyds Bank survey relates the importance of the tax burden (in terms of general and income taxation) to the rate of economic growth over a ten year period (1970-1980) in 23 of the OECD countries (i.e. the entire organization except for Iceland).

Although centered fundamentally on the effect of taxation in Great Britain, the report includes some general conclusions which are noteworthy. For example, it considers the relation between the proportion of total taxation and the rate of growth of GNP, asserting that the lower the fiscal pressure the higher the rate of economic growth, and vice versa.

Some confirmation of this thesis can be drawn from the chart below. Sweden, with the highest tax burden (51% of GNP) has a low growth rate (1.9%), as does the United Kingdom. However, Switzerland, with a much lower ratio of taxation to GNP, has the lowest growth rate in the entire organization, which belies the concept that growth rate necessarily increases with reduction of taxes.

The survey also appears to indicate that in the case of the poorer countries—Spain, Greece, and Turkey—low taxation goes hand in hand with high growth rates. As the report notes, however, it is more plausible to attribute both these characteristics to the relatively late economic development of these countries rather than to relate their high growth rate to low taxation.

	Taxation/ GNP ratio	Personal Income Tax/GNP ratio	Growth rate 1970-1980
Sweden	51.5	19.7	1.9
Norway	48.5	15.7	4.6
Luxembourg	48.0	13.1	3.0
Holland	45.8	11.3	2.8
Denmark	44.9	23.6	2.3
Belgium	44.7	15.8	3.2
France	42.9	5.6	3.6
Austria	42.7	10.2	3.7
Eire	38.3	12.0	4.1
United Kingdom	37.4	11.0	1.9
West Germany	37.2	10.8	2.8
Finland	36.7	16.4	3.5
New Zealand	33.2	20.4	2.3
Canada	32.9	11.7	4.0
Italy	32.4	8.0	3.1
Australia	30.9	13.5	3.1
United States	30.7	10.1	3.0
Switzerland	30.5	11.1	1.2
Greece	26.5	6.3	4.8
Japan	26.1	6.3	4.8
Spain	25.6	5.3	3.8
Turkey	19.1	9.4	5.1
OECD Average	36.4	12.0	3.0

Spanish Investment Abroad Over 46,000 Million Pesetas in 9 Months

Direct Spanish investments abroad authorized by the General Directorate for Overseas Financial Operations in the first nine months of 1982 amounted to 46,442 million pesetas, according to official figures.

In the same period foreign investment in Spain amounted to about 113,000 million pesetas.

More than half the total Spanish foreign investment was in banks, and the ten largest absorbed some 95% of investment in the sector. Investment in the financial sector rose from 9,853 million pesetas in the first nine months of 1981 to 26,437 million in the same period of 1982.

SPANISH INVESTMENT ABROAD BY SECTORS

(in millions of Pesetas)

Financial institutions	26,437
Energy and water	5,055
Metal conversion industries	3,920
Trade and the hotel industry	3,074
Other manufacturing industries	3,018
Agriculture, cattle and fisheries	1,735
Ore mining and refining	1,422
Construction	1,013

SPANISH INVESTMENT ABROAD

Country	1981	1982 (9 mo)
United States	2,484	10,755
Chile	3,158	9,708
Portugal	385	3,391
Puerto Rico	346	3,114
Mexico	2,948	2,067
Uruguay	21	1,476
Italy	62	1,428
Panama	1,122	1,396
Brazil	1,519	1,292
United Kingdom	407	1,278
Luxembourg	105	937
Total America	16,593	35,258
Total Europe	4,273	8,891
Total rest of the world	3,217	2,293
Total	**24,083**	**46,442**

From Spain 83, Diplomatic Information Office

Major Fairs & Exhibitions in Spain, June-Dec. 1983

INCLUDING CITY, DATE, TITLE OF FAIR, AND ADDRESS OF SPONSOR

JUNE, INTERNATIONAL

Barcelona, June 2-10: **International Samples Fair of Barcelona;** Avenida de María Cristina, s/n; Barcelona.

JUNE, NATIONAL

Valencia, June 4-7: **Mundo Belleza-83 (Cosmetic, Perfume, Hair Products and Drug Show);** Apartado 476, Valencia.

AUGUST, NATIONAL

Gijon, August 6-21: **National Samples Fair of Asturias;** Instituto, 17; Gijon.

SEPTEMBER, INTERNATIONAL

Valencia, Sept. 15-18: **Fimim-83 (International Infants' and Children's Clothing Fair—Second Edition);** Apartado 476, Valencia.

Elda, second two weeks of September: **FICC (International Shoe Fair, Second Edition);** Apartado 104, Elda (Alicante).

Barcelona, Sept. 26-Oct. 2: **Sonimag-21 (International Picture, Sound and Electronics Fair);** Avda. de María Cristina, s/n, Barcelona.

Valencia, Sept. 28-Oct. 2: **Iberflora-83 (International Horticultural Show);** Apartado 13, Valencia.

Madrid, Sept. 30-Oct. 2: **Imagen Moda (Women's Outerwear Show—2nd Edition);** Recinto Ferial de la Casa de Campo; Avenida Portugal, s/n; Madrid.

SEPTEMBER, NATIONAL

Barcelona, Sept. 11-14: **Promoregalo-83 (Promotional Gift Show);** Avda. de María Cristina, s/n, Barcelona.

Valladolid, Sept. 13-25. **National Samples Fair of Castilla and León;** Apartado 423, Valadolid.

Lerida, Sept. 17-25: **National Agricultural and Fruit Fair of San Miguel;** Apartado 106, Lerida.

Madrid, Sept. 18-20: **National Sporting Goods Fair;** Recinto Ferial de la Casa de Campo, Avda. Portugal, s/n, Madrid.

Barcelona, Sept. 24-29: **Expohogar-83 (National Home Show);** Avda. de María Cristina, s/n, Barcelona.

Barcelona, Sept. 26-Oct. 2: **Expodomestica-83 (National Household Appliances Show);** Avda. de María Cristina, s/n, Barcelona.

OCTOBER, INTERNATIONAL

Madrid, Oct. 2-4: **Intermoda (International Fashion Show—Second Edition);** Recinto Ferial de la Casa de Campo; Avda. Portugal, s/n; Madrid.

Bilbao, Oct. 3-9: **Trasmet-83 (Metallurgical Show);** Apartado 468, Bilbao.

Bilbao, Oct. 3-9: **Subcontracción-83 (Sub-Contracting Fair);** Apartado 468, Bilbao.

Bilbao, Oct. 3-9: **Siderometalurgica-83 (Siderometallurgical Industry Fair);** Apartado 468, Bilbao.

Bilbao, Oct. 3-9: **Sinaval-83 (International Maritime and Shipbuilding Exhibition);** Apartado 468, Bilbao.

Barcelona, second two weeks in October: **Fashion and Apparel Exhibition (Second Edition);** Avda. de María Cristina, s/n, Barcelona.

Barcelona, second two weeks in October: **Modapunto-83 (National Knitwear Exhibition - Second Edition);** Avda. de María Cristina, s/n; Barcelona.

Madrid, Oct. 14-20: **International Book Fair;** Recinto Ferial de la Casa de Campo; Avda. Portugal, s/n; Madrid.

Valencia, Oct. 17-23: **FIM-83 (International Furniture Fair);** Apartado 476, Valencia.

Madrid, Oct. 21-27: **Instrumentalia-Expomedica (Scientific, Medical and Technical Instruments Fair);** Recinto Ferial de la Casa de Campo; Avda. Portugal, s/n; Madrid.

Barcelona, Oct. 24-30: **Hostelco-83 (Exhibition of Restoration Equipment);** Avda. de María Cristina, s/n; Barcelona.

OCTOBER, NATIONAL

Mahon, Oct. 1-7: **Sebime (National Costume Jewelry Fair—Second Edition);** Polígono Industrial, Apartado 353, Mahon (Menorca).

Madrid, Oct. 5-9: **Publicity and Marketing Show;** Recinto Ferial de la Casa de Campo; Avda. Portugal, s/n; Madrid.

Zaragoza, Oct. 6-16: **FOMN (Official National Samples Fair);** Apartado 108, Zaragoza.

Valladolid, Oct. 13-17: **Bici-Moto (Bicycle, Motorcycle and Accessories Show);** Apartado 423; Valladolid.

Barcelona, second two weeks in October: **Feminine Ready-to-Wear Show;** Avda. de María Cristina, s/n; Barcelona.

Barcelona, Oct. 22-25: **Sporting and Camping Show;** Avda. de María Cristina, s/n, Barcelona.

Torrelavega (Santander), Oct. 28-Nov. 2: **Expolactea (Dairy Show);** Avda. Fernando Arce, 6; Nueva Ciudad; Torrelavega (Santander).

NOVEMBER, INTERNATIONAL

Las Palmas, Nov. 5-13: **International Fair of the Canary Islands;** Apartado 50; Las Palmas de Gran Canaria.

Elda, second two weeks in November: **Modatec (International Footwear-related Industries Fair—Second Edition);** Apartado 104; Elda (Alicante).

Barcelona, Nov. 15-18; **Expoviga-83 (Poultry and Livestock Techniques Fair);** Avda. de María Cristina, s/n; Barcelona.

Valencia, Nov. 16-20: **Fimma-Maderalia-83 (International Woodworking Machinery Fair);** Apartado 476, Valencia.

Madrid, Nov. 18-25: **Simo (International Office and Data Processing Equipment Exhibition);** Recinto Ferial de la Casa de Campo; Avda. Portugal, s/n; Madrid.

NOVEMBER, NATIONAL

Bilbao, Nov. 2-6: **Expoquimia-83 (Applied Chemistry Show);** Apartado 468; Bilbao.

Madrid, Nov. 2-6: **Turinver (National Tourism, Mountaineering and Winter Fair);** Recinto Ferial de la Casa de Campo; Avda. Portugal, s/n; Madrid.

Madrid, Nov. 3-7: **Iberpiel (National Leather and Luggage Show—Second Edition);** Velázquez, 4; Madrid.

Madrid, Nov. 9-13: **Iberdidac (Didactic Material and Equipment Show);** Recinto Ferial de la Casa de Campo; Avda. de Portugal, s/n; Madrid.

DECEMBER, NATIONAL

Madrid, Dec. 6-11: **Iberdisco (Recording Industry Show);** Recinto Ferial de la Casa de Campo; Avda. Portugal, s/n; Madrid.

Business Opportunities

Spanish Products Offered

Spanish company offers services in import/export, warehousing, distribution and control of chemicals and other products:
Sr.D. J. M. Tejero
Lubrizol Española, S.A.
Apartado 89
Huelva

Knitting machinery:
F. Jobre Planet
c/. Clausell, 20
Canet de Mar (Barcelona)

Ornaments for coffins (handles, crucifix, etc.):
Frank Van Spaandonk
Pelayo, 32
Barcelona-1

Rabbit hairs for the textile and hat industries:
Sr.D. Francisco Burgues Ruich
BURGUES
Alcántara, 23
Barcelona-33

Scrap metal:
Sr.D. José Luis Rodríguez Mora
Avda. Menéndez Pelayo 109
Madrid-7

Hardware equipment & accessories; tires; furniture; fittings and tools for furniture industry:
Sr.D. José Baranguer
SIRVEX. S.A.
Travesera de las Corts, 322-326
Barcelona-29

Artistic prints and engravings:
Sr.D. Francisco Cruz
PFAFF International S.A.
Rambla de Prat, 2
Barcelona-12

Wines:
Sr.D. José González
Duerotex, S.L.
Ramón y Cajal, 1
Zamora

Swimsuits and lingerie:
Sr.D. Francisco Dominguez
''ADA''
Avda. Valladolid, s/n
Madrid-27

Electric door openers & locks:
Dalsan, S.A.
Avda. de Cataluña, 16
Valencia-21

Spanish manufacturer seeks U.S. representative for electric motors:
Sr.D. F. Badia
GICSA
Ausias March, 1 - 5° 2a.
Tarrasa (Barcelona)

Air conditioners:
Sr.D. Javier Sendra
Dracha, S.A.
Gran Vía Marqués del Turia, 39
Valencia-5

Laid papers; vegetable tracing paper; water colors; cardboard; lithographing papers, etc.:
Sr.D. F. Sague Guarro
L. Guarro Casas, S.A.
Via Layetana, 37
Barcelona-3

Artistic paintings:
Sr.D. Francisco Torres
Gran Vía C. Catalanas, 688 - 1° 1a.
Barcelona

All types of handicrafts:
Sr.D. Antonio Fornes Puigcerver
Prolongación Calvo Sotelo s/n, Apartado 15
Pedreguer (Alicante)

Sporting goods:
Top Tennis S.A.
P. Bernareggi, 8
Palma de Mallorca-14
Baleares

Textile yarns (wool):
Sr. D. D. J. Duran
Viladomat, S.A.
Calvo Sotelo, 21
Sabadell (Barcelona)

Toys; leather goods; silver articles; lingerie; blankets; bedspreads; rugs; curtains; footwear; cannet fish and vegetables; furniture; etc.:
Sr.D. Bernardo Llorente
Avda. Reina Victoria, 15 - 3° D.
Madrid-3

Paints, varnishes, shellacs, enamels:
Pinturas Maresma, S.A.
Ronda Alfonso X el Sabio 118
Mataró (Barcelona)

Dried garlic:
Real
Apartado 12
Cieza (Murcia)

Steel castings:
Metalurgica Madrilena, S.A.
Ctra. Nacional II, Km. 27
Alcalá de Henares (Madrid)

Seeks U.S. importers of coverlets and rugs made in genuine ''Mouton Double-Face'' Spanish sheepskins, also slippers, all finished in soft wood hair:
A. Martin Gil
Executive Office
Paseo Marqués de Zafra, 19
Madrid-28

Seeks importers and/or representative for garlic:
Sr.D. Domingo Castillo Romero
Sr.D. Domingo Castillo Romero
Munich, 4
Alcorcón (Madrid)

Canned vegetables:
Sr.D. Angel Torregrosa Bañon
Molina de Segura (Murcia)

Dried fruits:
Sr.D. Sigifredo Gonzalez Martin
ESSA
Plaza Nueva No. 10 - 5°
Sevilla-1

Wool yarns:
Sr.D. Alfredo Papo
Balmes, 129, 3° 1a.
Barcelona-8

Bismuth, mercury and copper salts:
Sr.D. E. Tusquets
Productos Uhpon, S.A.
Apartado de Correos 155
Rubí (Barcelona)

Air conditioning equipment (industrial type):
Sauter Ibérica, S.A.
Roger de Lluria, 120
Barcelona-37

Textile fabrics (curtains and velvets):
Texmundi Export, S.A.
Caspe, 43
Barcelona-10

Wines, brandies, spirits:
Sr.D. Carlos del Rio
Bertola, S.A.
Carretera de San Lucar Km. 21
Apartado 15
Jerez de la Frontera (Cádiz)

Footwear and ski boots:
Sr.D. J. L. Cereceda
Dept. de Exportación
Jeyma, S.A.
Pórtal de Betono, 13
Vitoria

Correctors for feeds:
Productos Agrícolas Machegos, S.A.
Apartado de Correos, 234
Albacete

Fancy, classic, knitting and carpet-weaving yarns:
Sr.D. Joaquín Perarnau
Eurofil, S.A.
París, 211, 7° planta
Barcelona-8

Accessories for the manufacture of footwear:
Sr.D. José J. Antón Pascual
Comermex, S.A.
c/. Vicente Blasco Ibáñez, 4 - 8°
Elche (Alicante)

Sparkling wines:
Sr.D. Enric Molas i Jove
Provenza, 493
Barcelona-25

Electronic rear-view mirror for automobiles:
Electronica y Televisión Hispano-Italiana
Miguel Yuste, 16
Madrid-17

Bamboo furniture:
Sr.D. R. Pinto
Artesanía en Bambú
P ladevall, s/n
La Sellera del Ter (Gerona)

Veneers and plywoods [black poplar, etc.[:
Maderas Gárnica, S.A.
Baños de Rio Tobio (Logroño)

Sporting goods:
David Marshall Diseños, S.A.
Edificio Sevilla, 2-4a.
Planta N° 21
Calle San Francisco Javier s/n
Sevilla-5

Toys:
Bitoy, S.L.
Apartado 184
Ibi (Alicante)

Photographic equipment; gift articles:
Sr.D. J. Triola
Manuart
Trav. Sta. Eugenia, 3
1a. Planta
Gerona

Ladies and gentlemen's ready-to-wear:
Sr.D. José Manuel Lobato de la Morena
Herlosa Corbateros, S.A.
Avda. Generalísimo, 55
Madrid-16

Wines and brandies from Jerez:
Sr.D. Pere Moinet
Zoilo Ruiz Mateos, S.A.
Cervantes, 3
Jerez de la Frontera (Cádiz)

Fruits and vegetables:
Sr.D. J. M. Pérez Contreras
c/. Pasos, 2 - 5° A
Molina de Segura (Murcia)

Seeks Import/Export Contacts

Spanish person, a member of the Spain-U.S. Chamber of Commerce of New York, seeks contacts in Import/Export, offers services as a consultant. Contact: A. González, Edifico Huerta del Rey, Apartado 208, Avda. Eduardo Dato, 22, Sevilla, Spain. Telephone day and night: Private, (54) 649147; Central Building, (54) 637200, Ext. 208; Telex: 72320.

Oportunidades Comerciales

Productos españoles solicitados

Lámparas:
Ms. Nicole Mimum
Jilray Textile Co. Inc.
131 West 35 Street
New York, N.Y. 10001

Aceite de oliva:
Mr. A. Buffa
Castelcarini Packing Co.
954 Atlantic Avenue
Brooklyn, New York

Alfombras y moquetas; artículos de piel y cuero; hilados textiles:
Ms. Elba Cokkinos
Kass International Inc.
J. F. Kennedy Airport
248-44 Rockaway Boulevard
Rosedale, N.Y. 11422

Artículos de cuero en general:
Mr. Richard J. Starr
20 Havemeyer Lane
Old Greenwich, CT 06870

Muebles:
Ms. S. Maleki
Mehrsad Corp.
272 Frances Street
Teaneck, N.J. 07666

Aceitunas; tomates; tomate en polvo:
Mr. A Sumar
Acropolis Food Market Inc.
1206 Underwood St. NW
Washington, DC 20012

Confección para bebé:
Ms. Nilda Calandrin
Veronesse
220 Est 57 St., Suite 15-F
New York, N.Y. 10022

Muñecas:
Mr. Tom Longo
Structural Stone Co.
343 Route 46
Fairfield, New Jersey 07006

Esposas:
Mr. Luis Arce
Joy Enterprises
801 Broad Avenue
Ridgefield, N.J. 07657

Tejidos para la confección de ropa tejana:
Mr. Francis Robert
J. O. Robert
103-16 Otis Avenue
Corona, New York 11368

Artículos decorativos para el hogar; calzado y artículos de cuero en general:
Mr. Charles J. Robinson
Global Bazaar Inc.
P.O. Box 860
New Haven, CT 06504

Mármol:
Bruni
26 Broadway
New York, N.Y. 10004

Cemento:
Zebec Corporation
Attention: Mr. Ceizler
114 Liberty Street
New York, N.Y. 10006

Artículos de regalo; manteleria:
Mr. Edwin Lesson
Edwin Lesson Co.
19 West 21 Street
New York, N.Y. 10010

Bicicletas:
Dr. Robert Fondiller
Futura Corp.
200 West 58 Street
New York, N.Y. 10019

Confección para dama y caballero; calzado para dama y caballero; billeteros; bolsas; carteras:
Mr. Ricardo Diaz
Balboa World Trade Enterprises
15 Mayfair Court
Bloomfield, CT 06002

Baldosas de amianto-vinílico para revestimientos de pisos:
Ms. Grace Pavlick
U.S. PMK Industries
301 Route 17 North
Rutherford, NJ 07070

Productos alimenticios; productos quimícos y farmacéuticos; cosméticos:
Ms. Louann Dellamarggio
Worldwide Group Corp.
267 Fifth Avenue
New York, N.Y. 10016

Vinos de mesa y vinos espumosos:
Mr. L. E. Cardenas
Spanish-American Business Corp.
P.O. Box 8224
905 Rockville Pike
Rockville, MD 20852

Artículos de regalo; productos alimenticios:
Mr. Howard Lippman
Old World Fineries
P.O. Box 3121
Framingham, MA 01701

Tornillería para máquinas herramientas y maquinaria:
Mr. Gene Smith
Paragon International Ltd.
825 Third Avenue
New York, N.Y. 10022

Cerámica decorativa, bordados; artículos de cuero en general; artículos de regalo en general:
Mr. Dave Hergert
House of Lloyd Inc.
11901 Grandview Road
Grandview, MO 64030

Pieles de conejo y de cordero:
Mr. Hank Ridless
Rayman/Ridless Products Group, Inc.
10 West 32 Street
New York, N.Y. 10001

Productos en general para venta por correo:
Ms. Melanie Goings
Midworld International Corporation
Mail Order Division
2187 Northlake Parkway
Building 9, Suite 25
Tucker, GA 30084

Joyería de alta calidad:
Mr. Alan S. Gross
Innovative Distributing Corp.
8035 York Road
Elkins Park, PA 19117

Harina de piñones:
Mr. George Harokopos
Fiber Systems Inc.
2202 10th Street
Anacortes, WA 98221

DRY SACK ON THE ROCKS
Imported from Spain
DRY SACK SHERRY
Produced and Bottled by WILLIAMS & HUMBERT JEREZ and LONDON IMPORTED FROM SPAIN
WILE

FROM THE COMMERCIAL OFFICE OF SPAIN IN NEW YORK

Spain's Exports to the U.S., Jan.-Dec. 1982

In this tabulation, using statistics from the U.S. Department of Commerce, the first column gives Spain's exports to the United States for the year 1982, in thousands of dollars. The second column gives the percentage of variation from 1981. Column 3 indicates the percentage of total exports represented by each group.

	1982	% Variation from 1981	% of total
FOOD PRODUCTS	**200,432**	**17.8**	**13.39**
1 . Fish and seafood, except preserved	13,616	-37.1	
2. Fish and seafood, preserved	11,712	-13.3	
3. Marmalades and preserved fruits	12,570	+46.4	
4. Vegetables, preserved or prepared, including olives	121,136	+23.6	
5. Sweets with a sugar base which do not contain cocoa	11,411	+45.2	
6. Paprika	5,505	-12.1	
7. Food preparations, unspecified	2,923	+10.3	
BEVERAGES AND TOBACCO	**66,324**	**-5.3**	**4.40**
8. Tables wines and Sherry	47,930	-0.8	
9. Sangria	9,262	-3.3	
10. Brandies and similar	7,721	-18.3	
11. Processed tobacco	578	-75.6	
RAW MATERIALS, INEDIBLE, EXCEPT PETROLEUM AND OTHER VEGETABLE PRODUCTS	**34,922**	**+43.5**	**2.32**
12. Fluorspar	4,655	+30.7	
13. Raw materials of animal origin	1,497	-28.1	
14. Gums, resins, and natural lacquers	4,675	-5.0	
15. Other crude vegetable materials	4,495	-22.1	
PETROLEUM PRODUCTS AND LUBRICANTS	**49,070**	**+4.6**	**3.26**
16. Fuel for reaction-motor aircraft and for aircraft with unspecified motor	—	—	
17. Light petroleum	4	—	
18. Heavy petroleum	30,257	+258.9	
19. Lubricating oils and greases, hydrocarbons	18,753	+4.8	
OILS AND FATS, ANIMAL AND VEGETABLE	**14,822**	**-2.7**	**0.98**
20. Olive oil	14,546	-4.1	
CHEMICAL PRODUCTS	**71,372**	**+14.4**	**4.73**
21. Organic chemical products	19,854	+23.1	
22. Inorganic chemical products	25,423	+30.2	
23. Essential oils and perfume materials	9,380	-14.9	
24. Soaps and detergents	2,058	+20.5	
MANUFACTURES AND SEMI-MANUFACTURES	**437,827**	**-24.9**	**29.04**
25. Leathers, hides and their manufactures	14,923	-2.7	
26. Tires	26,668	-58.1	
27. Manufactures of wood and cork	4,931	-17.2	
28. Articles of paper and cardboard	6,917	+46.1	
29. Thread and yarn	4,013	+43.6	
30. Manufactured clothing articles	2,544	-22.9	
31. Fabrics of wool	1,167	-4.0	
32. Lime, cement, and other construction materials except tiles	11,805	-12.2	
33. Tiles	9,797	-21.9	
34. Articles of crystal and glass	5,260	-16.1	
35. Articles of pottery	16,501	-3.4	
36. Iron and steel in bars, sheets, etc.	252,632	-26.8	
37. Non-ferrous metals	11,686	-63.1	
38. Wire, without electrical insulation	16,438	+49.3	
39. Screws, nails, rivets etc. of iron, steel or copper	11,357	-10.7	
40. Hand tools	10,392	+40.8	
41. Domestic utensils of common metal	8,023	+60.8	
42. Manufactures of metal, unspecified	11,057	-11.5	
MACHINERY AND TRANSPORT EQUIPMENT	**250,546**	**+9.2**	**16.61**
43. Non-electrical generators & parts	7,005	+24.8	
44. Agricultural machinery and parts	5,804	+115.2	
45. Office machinery and parts	68,668	+7.1	
46. Metalworking machinery	22,943	-13.4	
47. Textile and leather machinery	2,553	-41.9	
48. Industrial machinery	4,591	+72.7	
49. Machinery and apparatus, unspecified, and parts	19,793	-22.2	
50. Electrical generators, commutators, and parts	5,751	+15.4	
51. Domestic electrical appliances & parts	4,674	+82.2	
52. Electrical machinery and apparatus and parts, unspecified	5,878	+4.7	
53. Transport equipment	90,244	+21.6	
53a. Parts and accessories for tractors, vehicles and motors	57,296	+1.7	
53b. Motorcycles and parts	645	-48.8	
53c. Aircraft	10,717	-9.5	
53d. Supplies for aircraft and space craft, unspecified	8,731	+96.5	
MANUFACTURED CONSUMER PRODUCTS	**346,562**	**+11.1**	**22.98**
54. Lamps and parts	5,099	-29.2	
55. Furniture	11,922	-11.0	
56. Luggage and handbags	6,788	-21.6	
57. Textile manufactures	3,052	+9.6	
58. Manufactures of leather and accessories	4,223	+3.1	
59. Knitwear manufactures & accessories	1,599	-15.8	
60. Footwear	233,346	+15.7	
61. Printed matter	20,735	-11.4	
62. Toys and sporting goods	10,093	+34.2	
63. Arms and parts, except revolvers and pistols	3,660	-41.2	
64. Objects of art and antiques	15,366	+33.1	
65. Jewelry and costume jewelry	9,894	+1.8	
66. Other manufactures, unspecified	3,839	-9.1	
OTHER PRODUCTS, UNCLASSIFIED	**36,107**	**+51.8**	**2.39**
67. Special transactions, unclassified	23,627	+56.3	
68. Arms of war, including revolvers, pistols and ammunition	6,204	-11.2	
69. Estimated value of imports in parcels of less than $251 in value	1,565	+15.4	
TOTAL EXPORTS, SPAIN TO U.S.	**1,507,983**	**-1.8**	

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MAY-JUNE, 1983 No. 128

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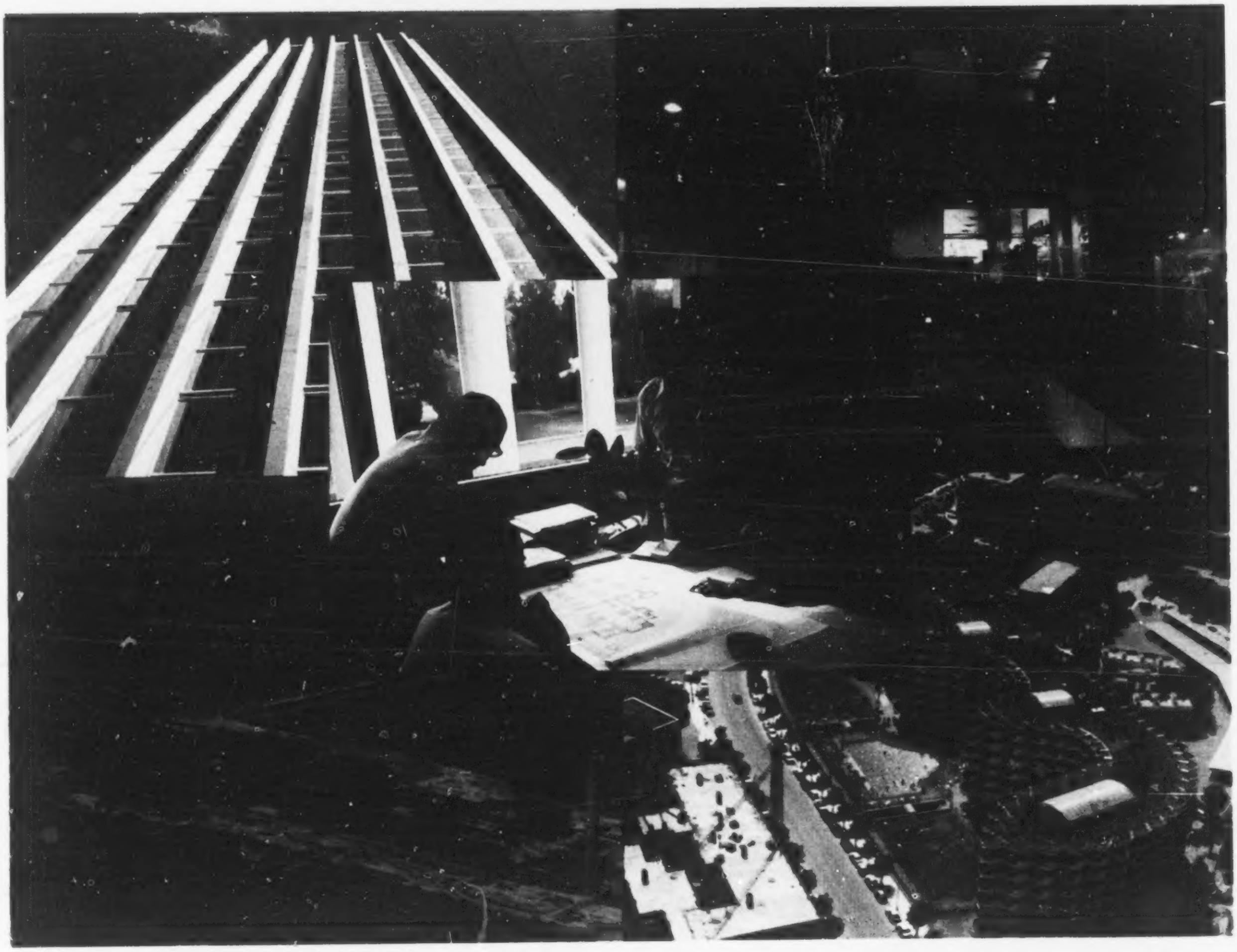

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Spain-U.S. Trade Bulletin

SPAIN-U.S. CHAMBER OF COMMERCE, INC.
(Cámara de Comercio Española en los Estados Unidos)
500 FIFTH AVENUE, NEW YORK, N.Y. 10110 • (212) 354-7848

MAY-JUNE, 1983 **No. 128**

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5. **Annual Report of the President Focuses on the Financial Plight of the Chamber.**
10. **The Spanish Economy: Situation and Perspectives,** by H.E. Miguel Boyer, Minister of Economy and Finance of Spain.
21. **Spain's Energy Resources,** by Hector Rodríguez Molnar, Allende & Brea, Madrid.
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COVER: H.E. Miguel Boyer, Minister of Economy and Finance of Spain, addresses a Chamber luncheon in his honor on May 26th. See his address on page 10.

Executive Editor:
MARIANO BAGUENA

Editor:
DAVID O. THOMAS

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First Vice President
ANDREW D'ALESSANDRO
Farrell Lines Inc.

Second Vice President
DAVID ASKREN
Chemical Bank

Treasurer
LUIS BONEL
Majorica Jewelry, Ltd.

Corporation Secretary
JOSE LUIS SAN PIO
J. & A. Garrigues

Honorary President
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Ambassador of Spain, Washington, D.C.

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Former U.S. Ambassador to Spain

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Commercial Counselor of Spain, New York

Executive Director
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Luis Bonel
Treasurer

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Corporation Secretary

Jove Reelected as Chamber President

Ricardo Jove, President, Amtraco Commodity Corporation, was unanimously reelected to a second term as President of the Chamber at a meeting of the Board of Directors held following the Annual General Luncheon Meeting at the St. Regis-Sheraton on June 2nd.

At the same meeting, **Andrew W. D'Alessandro,** General Manager, Farrell Lines Inc., was elected First Vice President; he had previously been Second Vice President. **David Askren,** Vice President, Chemical Bank, was chosen as Second Vice President. **Luis Bonel,** Executive Director/U.S., Majorica Jewelry, Ltd., was reelected to a second term as Treasurer; and **José Luis San Pío** of J. & A. Garrigues was elected Corporation Secretary.

At the Annual General Luncheon Meeting, the members of the Chamber elected the following new Directors, for terms of three years:

Luis Benítez de Lugo, Senior Vice President, Banco de Santander.

S. Robert Breitbarth, President, General Cable International Inc.

Joseph A. Caragol, President, Joseph Caragol Inc.

Edward G. Hayek, Director, Foreign Office, Trans World Airlines Inc.

Manoel A. Lima, Group Vice President, Avon Products Inc.

Carlos Menéndez, Vice President, Irving Trust Company

Vicente Puig Jr., President, Vicente Puig & Company

Frederick E. Tetzeli, Vice President, Morgan Guaranty Trust Company of New York

John A. Ogilvie, President, Ogilvie Taylor & Associates, was elected for two years to fill an unexpired term; and José María Carballo of Banco de Bilbao was elected as a Director but resigned due to his transfer to the bank's London office.

In addition, Mr. Jove and Mr. D'Alessandro, whose terms as director would otherwise have expired, were reelected for additional one year terms in order to enable them to hold their offices, in accordance with the By-Laws of the Chamber.

Luis Bonítez de Lugo

S. Robert Breitbarth

Joseph A. Caragol

Edward G. Hayek

Manoel A. Lima

Carlos Menéndez

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Frederick E. Tetzeli

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By RICARDO JOVE
President, Spain-U.S. Chamber of Commerce

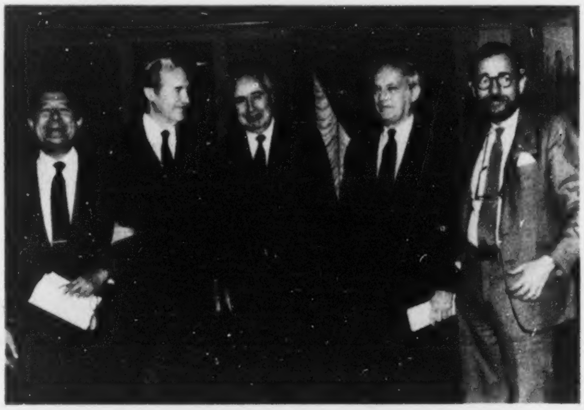
Annual Report of the President

Mr. Jove concentrated on the financial plight of the Chamber in his Annual Report, presented at the Annual General Luncheon Meeting of the Chamber, held on June 2nd at the St. Regis-Sheraton.

ONE OF MY DUTIES as President of the Spain-U.S. Chamber of Commerce is to submit to you every year a report on the progress of the Chamber and the state of trade between Spain and the United States.

In the past, these reports have also included comments on Spain's economic climate. This year, however, you have had the opportunity to hear from the man in the best position to tell you about this subject, the Minister of Economy and Finance, Mr. Miguel Boyer. Therefore I shall refer you to Minister Boyer's remarks as they will appear in the next issue of the Chamber magazine *(see page 10)*. Besides, where is my authority to contradict a minister — and one who obviously can draw far larger crowds than I am able to do?

What I would like to concentrate on today is the economic climate of the Chamber itself. For enthusiasm and service, the Chamber is in fine shape. Financially, however, as you have heard from the Treasurer, this past year has been a disaster. What happened is that inflation has finally caught up with us. As far as our finances are concerned, we have been living in the past: We have maintained a dues level substantially below the average for other Chambers, and we have been able to do so because of conservative management and some good luck. We are fortunate to have an Executive Director who has deliberately limited his demands on the Chamber, and we have had quite a low rent. But this year we were hit from all sides: Inflation, which affected our general costs; recession, which cost us a few members; and the devaluation of the peseta, which substantially reduced the income the Chamber receives from Spain. As you have heard, we ended 1982 with a deficit. The fact is that our reserves are now down to half of what they were, and may well be exhausted at the end of this year. We may face 1984 with a zero fund. The new Board of Directors will have to address this matter and aim seriously at solving our financial problems.



At the Annual General Luncheon Meeting (L to R) Rafael Aguilar, Commercial Counselor of Spain in New York; Maurice Cusack; Chamber President Ricardo Jove; outgoing First Vice President Wayne Fredericks; and Miguel Cordomi, Acting Consul General of Spain in New York.

Some steps have already been taken. First, to deal with the devaluation of the peseta in Spain, the Board changed the basis on which Spanish dues are calculated. Instead of a dues figure in pesetas, the amount is now fifty U.S. dollars, or its equivalent in pesetas. This does away with the devaluation factor, since whatever the value of the peseta, Spanish members will now pay the equivalent of fifty U.S. dollars.

Second, we have had to raise dues for regular members from $175 to $250, and for sustaining members from $350 to $500. New regular members pay $250 as of April 1983, and old members will pay the new dues beginning in January 1984.

These new figures may seem like quite a jump to some of you, but we have to remember that the figure of $250 just brings us up to what other Chambers are asking, and there are a number which ask much, much more.

When the Chamber was formed 24 years ago, dues for regular members were already $100. That the Chamber was able to maintain a fee level of $175 through 1983.is a good indication of how restrained our demands on members have been. It is obvious that our dues have not kept up with inflation. We were able to manage, but times now call for some new initiative. Our lease expires in 1985, and you are all aware of what has happened to office rentals in the last few years.

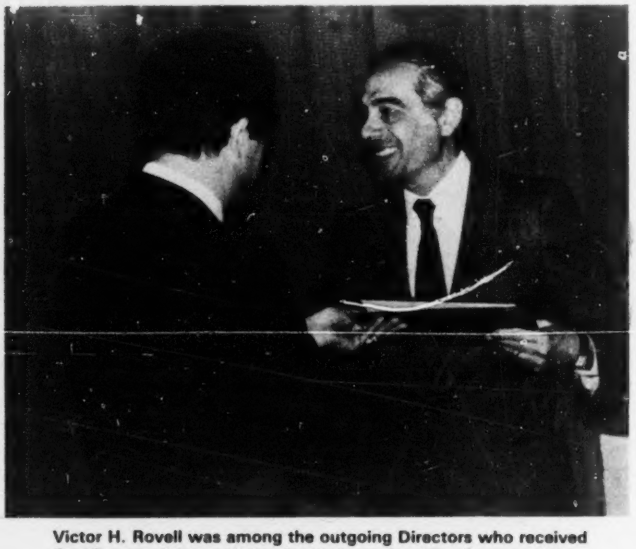
I shall leave details for the Board of Directors, and limit my comments to what we are doing and what you can all do to help: *We need new members.*

I am glad to report that the Membership Committee, under the chairmanship of Mr. Joseph Sanchez, has been most successful in attracting several new members. They have also embarked on two recruiting campaigns:

- First, to obtain new members among importers of Spanish goods, Mr. Rafael Aguilar, the Commercial Counselor of Spain in New York, has graciously consented to sign a letter addressed to importers, recommending that they join the Chamber.
- Second, to recruit multinational corporations, a letter will go out signed by the Honorary Chairman of the Chamber, Ambassador John Davis Lodge. We are most grateful to Mr. Aguilar and Ambassador Lodge for their help in our drive to obtain new members.

But we cannot rely on letters to do the work. The basic impetus must come from you and every member. The Chamber could easily double its membership if we were able to attract all the companies that already do business or may be interested in doing business with Spain. And this would go a long way toward solving our economic problems.

Let me examine briefly the question of trade between Spain and the United States. I am sorry to report that very little progress has been made in reducing the trade deficit. For 1982, Spain imported from the United States $2.85 billion more worth of goods than Spain was able to sell in this market. A deficit of close to $3 billion should be a matter of concern to all of us, whether administration officials or private businessmen. Mr. Boyer expressed his concern to me on this subject, especially now that the contract for the purchase of fighter planes has been confirmed and will add another $3 billion to Spain's purchases from the U.S.



Victor H. Rovell was among the outgoing Directors who received Certificates of Appreciation for their service from Commercial Counselor Rafael Aguilar.

> "For 1982 Spain imported from the U.S. $2.895 billion more worth of goods than Spain was able to sell in this market."

As to what can be done to promote Spanish exports to the United States, there is no time here to examine each sector in detail; my feeling, however, is that there is just so much any individual importer can do. The initiative has to be taken by the Administration in Spain, and most importers will be glad to help. But there are many, many Spanish products which can be sold here if people know about their quality and their craftsmanship, and if the prices are competitive.

There are also some companies that have done well by establishing themselves here and selling direct. For example, there are Myrurgia, Puig of Barcelona, Majorica, Lladró, Lois Jeans, etc. Each of these is a company with a highly superior product, and each is an example of what a Spanish company can do with a good product, good management, and good promotion.

In that connection, I want to point out that last year we published the Guide for Spanish Companies Interested in Entering the U.S. Market. We should make use of that guide. If you know of a company that can use it, or if you haven't seen it yourself, by all means ask the Chamber office to send you a copy.

"INVISIBLE" ACTIVITIES OF THE CHAMBER

Before telling about our luncheons and the more visible activities of the Chamber, I want to point out some of the invisible activities. I suspect that many people, and even some members, think of the Chamber as a social club. But in fact what the average member sees—the luncheons and social events—are only the tip of the iceberg. Day by day there is a large volume of activity that many members don't see. Every day our office receives inquiries from Spanish and American companies—by letter, by telephone,

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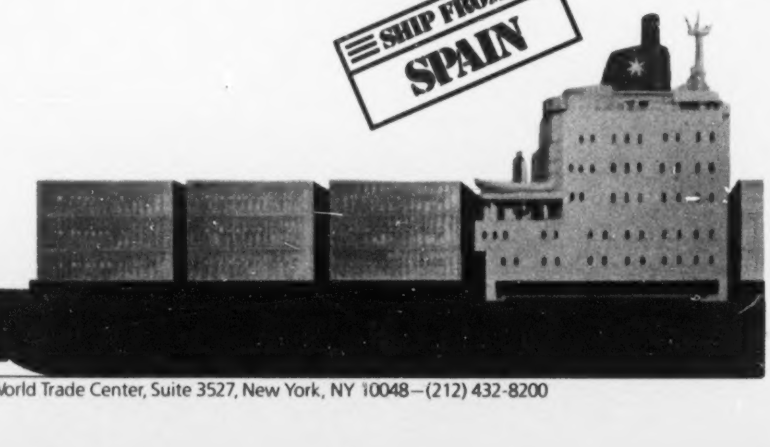
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by personal visits to our office. And that is our real, everyday function: to get Spanish and American companies together, to help exporters find importers for their goods, to help importers with their problems; and these are jobs at which the Chamber has been very successful for 24 years.

Just as an indication of the volume of these invisible activities, I can tell you that the Chamber last year received approximately 9,200 inquires by letter and telephone. In addition, it validated 6,500 certificates of origin, another function which it performs.

LUNCHEONS AND OTHER ACTIVITIES

As far as luncheons and other activities go, this has been an active year:

- On September 14th, 1982 we gave a farewell luncheon in honor of former Chamber President Frederick E. Tetzeli and former Ambassador of Spain to the U.S. José Lladó, at the Casa y Círculo Cultural de España.
- On December 7, 1982 we hosted a luncheon in honor of Mr. Roger B. Smith, Chairman and Chief Executive Officer of General Motors Corporation, at the Plaza; he spoke on the subject, *General Motors España: A New Automotive Era Begins.*
- On February 23, 1983 we held a farewell luncheon in honor of H.E. Nuño Aguirre de Cárcer, Ambassador of Spain to the U.S., at the Pierre Hotel; the luncheon was hosted jointly by the Chamber and the

(CONTINUED ON PAGE 18)

The Treasurer's Report

Chamber Treasurer Luis Bonel presented the following report at the Annual General Luncheon Meeting on June 2nd.

SPAIN-U.S. CHAMBER OF COMMERCE, INC.
BALANCE SHEET
AS AT DECEMBER 31, 1982

ASSETS

Cash:		
United States		
Checking account	$ 2,577.97	
Savings account	1,627.31	
Certificates of Deposit	33,368.93	
Office-Petty cash fund	100.00	
Spanish Bank (Note 1)	319.00	$37,993.21
Accounts Receivable		4,664.55
Refundable Deposit		35.00
Furniture and Fixtures	$21,229.02	
Less: Reserve for Depreciation	14,678.86	6,550.16
Total Assets		$49,242.92

LIABILITIES AND FUND BALANCE

Liabilities:	
Accounts Payable	$11,263.85
Operating Fund Balance	37,979.07
Total Liabilities and Operating Fund Balance	$49,242.92

NOTES TO FINANCIAL STATEMENTS

Note 1: Cash on deposit in the Spanish Bank was converted at the exchange rate of 125.92.

Note 2: Dues from associate members located in Spain are remitted directly to the Spanish Bank in which an account is maintained by the organization.

SPAIN-U.S. CHAMBER OF COMMERCE, INC.
STATEMENT OF OPERATIONS
AND FUND BALANCE
FOR THE CALENDAR YEAR ENDED
DECEMBER 31, 1982

Income:		
Membership dues:		
Regular members	$37,975.00	
Associate members:		
Domestic	2,775.00	
Spain (see Note 2)	7,468.52	
Sustaining members	9,600.00	$57,818.52
Banquets and Luncheons, net		2,336.37
Bulletins - net		26,340.06
Certificates of origin		7,880.46
Interest income		6,491.20
Total income		$100,866.61
Expenses:		
Office salaries	$73,678.79	
Payroll taxes	5,652.35	
Hospitalization and medical reimbursement	5,681.35	
Insurance	435.82	
Rent and utilities	16,392.41	
Telephone	4,251.89	
Travel and public relations	2,151.80	
Professional fees	700.00	
Postage	4,376.83	
Stationery and printing	3,668.31	
Office maintenance	595.83	
Dues and subscriptions	145.00	
Machine rental	953.04	
Bookkeeping services	835.00	
Miscellaneous	13,442.59	
Pension plan contribution	3,500.00	
Depreciation	2,122.90	
Total Expense		138,583.91
Net loss		(37,717.30)
Operating Fund Balance - beginning of year		75,696.37
Operating Fund Balance - December 31, 1982		$ 37,979.07

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By H.E. MIGUEL BOYER
Minister of Economy and Commerce of Spain

The Spanish Economy: Situation and Perspectives

On May 26th, Mr. Boyer, Spain's Minister of Economy and Finance, undertook to explain to a Chamber luncheon in his honor at the Pierre, how the new Spanish Government analyzes Spain economic present and the prospects for the future.

LET ME start out by emphasizing the honor I feel bestowed upon me in addressing this Chamber, which is both a symbol and an instrument of the common interests and values of our two countries, and by announcing that the new Spanish Government considers the maintenance and strengthening of the traditional and friendly relationships between Spain and the United States of America a task of the utmost importance.

This trip gives me the opportunity to explain to our American friends, and particularly to the business interests here represented, the economic policy program designed, and already partly implemented, by the new Spanish Government. This explanation is the more necessary at a time when deep uncertainties loom large on the world economy and where the risks of misunderstanding threaten, through the lack of international coordination of the policies independently pursued by individual countries, to jeopardize or at least to delay, the expected recovery of the world economy.

I cannot ignore that for part of the American public the word "socialism" is associated with violent revolutionary movements or with the dictatorial states of Eastern Europe or Asia, and therefore it should be expected that some citizens of this country might look upon the new government of Spain with suspicion. I would like to recall to those people that today, in Europe and the rest of the world, the word "socialist" is applied to political parties with important differences in their theoretical and practical objectives; you have, of course, varieties in the more radical Marxist tradition, but you can also find some more moderate and pragmatic brands. I think it is fair to say that the Spanish Socialist Party falls mainly in this second category. In fact, the large following of our party can be explained by its having become the champion of issues that previous conservative parties had been incapable of taking up—issues such as the enforcement of law and order, the eradication of bureaucratic corruption and tax evasion, stopping government deficits, etc. One could hardly term these objectives radical. To understand this situation one has to accept that the problems Spain faces are very different from those affecting old established democracies. This is why we say that the task of the Socialist Government can be summarized under the term "modernization." Modernization means to us: Put Spain in order and make her work efficiently.

Miguel Boyer (third from left) with (L to R) Chamber President Ricardo Jove, Ambassador of Spain to the U.S. Gabriel Mañueco, and Jaime de Piniés, Ambassador of Spain to the United Nations.

The economic situation, at the time the new government took office at the end of last year, was dark indeed. On top of profound economic maladjustments in labor markets, in the fiscal and social security systems and in the industrial structure, the new economic team had to confront the following problems: an inflation rate of 14%, entailing a large and growing differential of 7% with that of the OECD; an unemployment rate of close to 17% of the labor force as a result of a long and deepening recession; a public sector deficit reaching 6% of gross domestic product, which amounted to 35% of national savings and was being financed to a great extent by the central bank, jeopardizing monetary control and hence any serious attempt to reduce inflation; a current account deficit of 4 billion dollars, equivalent to 2.2% of GDP, accompanied by speculation against the peseta as a conse-

Mr. Jove Introduces Miguel Boyer

The Chamber is greatly honored to have with us today as our guest of honor not only a member of Spain's new Government but in some respects one of the most important members of that Government, in that on his shoulders rests the responsibility for coping with Spain's most pressing problems—those in the field of the economy. To say that he is responsible for Spain's economic future may be putting too much of a burden on one man. Our guest, obviously, shares that burden with a great many other people. Nevertheless, we have all seen the enormous difference one capable man in a key position can make, if he has the ability to lead and also has imagination and integrity.

What we know about our guest is very impressive. It indicates that he has the leadership qualities that Spain needs in this very important post. Like almost the entire cabinet, he is young, born in 1939. This is a cabinet which is almost entirely of a different generation from most of its predecessors. It is composed of young, trained professionals, with a new and different point of view. For that point of view they have adopted the label, "socialists." Now we read in the Spanish press that maybe they are not old fashioned socialists but enlightened liberals, or social democrats, or perhaps progressives. But all these are labels, which are easy to put on and take off. What really matters is their dedication to making Spain function efficiently and well, and that is to everyone's interest.

We are all pretty much aware of the economic problems which Spain faces right now. We are eager to learn more about the new Administration, how it perceives these problems and what the Government's economic plans are.

But of course plans and projections are not really what counts. What counts is specific actions, and the people who will carry them out. To tell you what the specific actions will be, the Chamber brings to you today the man who must carry them out. To give you a little of his background, he is a graduate in Physical and Economic Sciences and has been an economist with the Banco de España, Director of Economic Studies for INI, and most recently a part of the Boada team at the Instituto Nacional de Hidrocarburos.

quence of the loss of competitiveness entailed by the wide inflation differential with the OECD.

All these problems were interrelated and had worsened because of the lack of a sufficient and stable majority by the governments since the establishment of a democratic monarchy in 1975. Economic conditions had deteriorated to such an extent that it became obvious that only a government with a strong popular backing, a coherent political program, and no involvement in past wrongdoings, would be in a position to remedy mounting economic problems and to face with energy the existing maladjustments and disequilibria.

In our electoral plank we have rejected nationalizations as the proper way to construct a more just society, and called for a vast national effort of reconstruction, based on national solidarity. Our program has made an honest effort at identifying the most pressing social problems and evaluating the alternative costs their solutions would imply.

We have asserted the important role played in the past, and to be played in the future, by foreign investment, and put forward a plan to introduce sweeping reforms in the domestic economy in order to adapt it to that of the European Economic Community, which we want to join in the near future. Finally, we have set priorities on fighting inflation, correcting the external imbalance, and thus paving the way for a healthy recovery.

It is now already history that such a program was overwhelmingly endorsed by the Spanish people at the October 28th national election. As a result, at the end of the year Spain had, for the first time ever, a government made up of new men with no links with the past and enjoying a strong majority in Congress and wide popularity among all shades of the population.

Right at the start, the new Government began an energetic policy of adjustments by devaluing the peseta by 8%, raising domestic energy prices, and at the same time announcing a more restrictive monetary policy for 1983. In effect, the annual growth target for M3 in 1983 has been set at 13%, compared to an annual growth of 16.5% in 1982. This path is made to be consistent with a fall in the inflation rate from 14% in 1982 to 12% at the end of this year. The first months of 1983 have already shown positive results: Inflation on an annual basis has come down from 14% last December to 12.8% in March.

We forecast real GDP growth for 1983 to be 2%. This output expansion is mainly based on an improvement on the current account, and to a lesser extent on private consumption. In spite of the big social problem of unemployment now reaching 17% of the labor force, the Government decided not to expand domestic demand, which would have rekindled inflation and worsened the trade account, and instead opted for a policy of export promotion and inflation containment. The Government is conscious of the need for a healthy economic base to sustain the upswing in output once the economic recovery in the world economy is under way. The Government is likewise persuaded of the necessity of a harder monetary policy now and in the future, so as to eliminate our inflation differential with the EEC and to break inflationary expectations, which have proved to be stubborn after almost a decade of inflation experience. The target for next year, which will be reflected in the budget for 1984, is that of further progress in the reduction of inflation to get down to 8%.

"The public sector is rigged with inefficiencies which increasingly impair the functioning of the private sector."

But the disinflation policy is only possible if the public sector is subject to a strict discipline. This is both because public sector deficits are monetized one way or another, and because large deficits, by putting pressure on real interest rates, discourage private investment in housing and fixed capital; hence they increase the transitory costs of fighting inflation and at the same time impair productivity growth and thus income and employment. It is our policy to make a strong austerity effort this year by containing the public sector deficit at the same relative level of last year—that is, 6% of GDP; that is a huge effort, if we take into account that it has doubled in the last two years from 3% to 6%, and we intend to go about steadily reducing it thereafter.

To keep the public deficit from growing has required a strong determination on the part of the Government because, as you all well know, public expenditures are quite sticky in the short run, and because part of the deficit is cyclically induced, since with the recession tax revenues fall and unemployment benefits increase. On the other hand, reducing waste and cutting superfluous programs in the administration is a time consuming process which might take years to be completed.

The output and inflation forecasts for the current year are consistent with an expected substantial improvement, in excess of 25%, in the current account deficit. Under the most conservative assumptions, this deficit will be reduced by at least a billion dollars, passing from $4.100 billion in 1982 to a figure between $2.5 and $2.9 billion this year. Among the factors accounting for this change are the fall in oil prices (I wish to remind you of the fact that our energy imports represent 40% of total imports), and the expected real increase in exports, reaching 5% in real terms. In fact, under a low and falling competitive position and with world trade falling 2% in real terms, total exports increased by 6% in real terms in 1982, with non-energy based exports growing by more than 4.5%. Hence it only stands to reason that this year, with a far sounder competitive position, thanks to the December devaluation and subsequent depreciation of the peseta and more restrictive monetary policy, and with world trade increasing in the neighborhood of 1.5%, our real exports will improve substantially—this despite all the caveats derived from the difficult financial position of some individual countries important in weight for the Spanish trade, such as the countries of Latin America. Reinforcing this expectation is the policy decision to encourage exports towards areas where the recovery is likely to materialize relatively soon, such as the U.S., where our market share has been falling in the last few years.

A deficit of $2.5 to $3 billion will not necessarily create any particular financing problems.

We will have a gross borrowing requirement this year of $4.6 billion, given repayments of debt principal which come due for $3.1 billion. This increase in gross borrowings, public and private, will set the amount of our foreign debt at the end of 1983 at around $30 billion, which represents about 17% of GDP, and a debt service ratio of 20%.

As I have stated, however, my Government is not only concerned with restoring full employment and price stability and with correcting imbalances, important as these issues are. We clearly have a mandate from our constituency to transform the country and to remove the obstacles barring the way to modernization. The state apparatus is badly in need of a profound overhaul. In the public administration still survive some mores and behavioral rules not proper to an industrialized society. This explains why, in spite of strong economic growth in the country at large, the public sector is rigged with inefficiencies which increasingly impair the functioning of the private sector. We have found multiple job holding by civil servants, as well as privileges enjoyed by bureaucratic elites generating self-interested practices and waste; we have experienced the costs of a low rate of job attendance among government workers. Instead of a public social security system one can stumble

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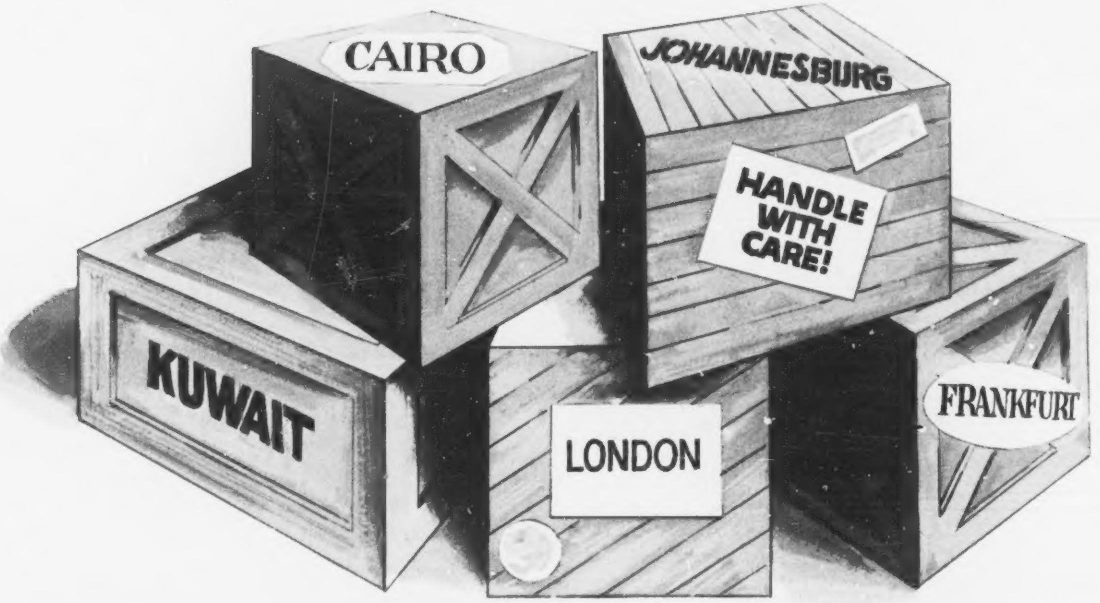

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upon more than a dozen social security regimes: the citizen can easily get enmeshed in an intricate net of regulations running across ministries and public agencies. The Government has been determined since the very beginning to put an end to this state of affairs and to lay the foundations for the development of an efficient public administration. At the initiative of the Government, legislation has been passed limiting and even forbidding in selected cases, moonlighting by civil servants; and the Government has fully enforced such legislation. We are preparing decrees regulating the whole array of issues related to public sector recruiting, assignment and pay of both permanent and temporary personnel in central government and in public enterprises. We strongly feel that only with a well-oiled state machinery the Government will be in a position to deliver the public goods of national security, law enforcement, public health, and correction of gross inequalities that society demands and sustained economic growth requires.

"Rather than increasing the scope of government, we are determined to rationalize its operation."

It is obvious that to satisfy these social wants we do not have to increase the size of the public sector. Rather than increasing the scope of government, we are determined to rationalize its operation. In particular, we are set on a course leading to the end of the history of deficits in public enterprises through the application of strict profitability criteria, and the introduction of systematic control procedures in capital budgeting.

On the revenue side, the fiscal system will be substantially revamped by the introduction of the value added tax, which is going to replace the ancient turnover taxes now in operation and part of the employers' social security contributions. The value added tax is, on the one hand, mandatory, given our future membership in the EEC and current GATT commitments; and on the other hand it is very convenient as a revenue generating mechanism. It reduces tax evasion, eliminates distortions in the economic system, and contributes to reducing the heavy implicit tax on employment now in force.

And this takes us to the restructuring of the social security system. Currently, 80% of social security benefits are financed by social security contributions, which amount to a tax on employment. This situation is going to be partly remedied by the introduction of the value added tax. On the expenditure side, efforts are being made to eliminate fraud in the cashing of unemployment benefits, to forecast future needs and resources more accurately, to contain medical and hospital costs, and to improve the general administration of the system. Among the reforms contemplated are the development of pension funds based on private savings to complement basic services financed by the government. These funds will both increase the savings rate and enlarge the capital markets, both highly desirable objectives.

The vast array of regulations hampering the functioning of the labor market is one of the causes of the high level of unemployment we are suffering. Under the dictatorship, the implicit understanding developed whereby the Government was ready to act to suffocate strikes, but with the proviso that workers were guaranteed job tenure. And these habits are hard to change. Nonetheless, the Government is prepared to improve the functioning of the labor market by increasing the degree of flexibility allowed in the hiring and dismissal of workers.

This increased flexibility we see as a precondition for reducing unemployment, particularly among the youth.

With regard to the financial system, deregulation of the banking system is going to be continued and extended to the insurance industry and other financial intermediaries so as to harmonize our institutional framework with that of the EEC.

In agricultural policy, our aim is to progress further than the current clumsy machinery of collective price negotiation and intervention, replacing it with a more global approach with the aim of adjusting production to actual demand. This is intended, in this field as elsewhere, to harmonize our legislation with that of the EEC. It is also intended to promote new crops, in order to be able to exploit the country's comparative advantage which accession to the Common Market

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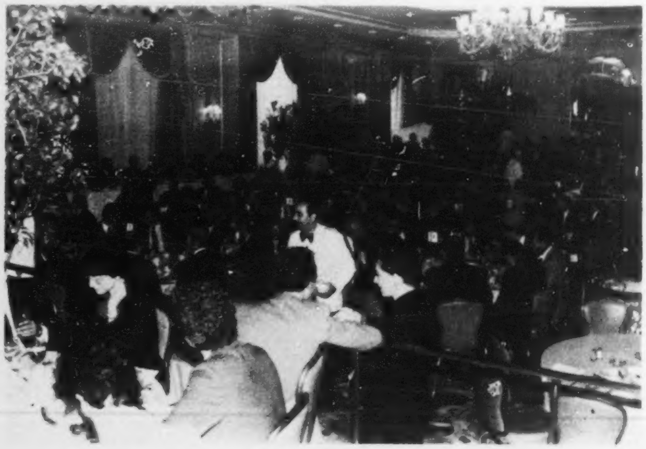
Transport is fundamental for the functioning of a well integrated national market, as well as for linking the domestic economy with the outside world. With regard to infrastructure, plans are under study to close those airports where clear excess capacity exists, to expand facilities in those harbors with congestion problems, to push ahead with the investment program of the national railroads (RENFE), and to identify those unprofitable lines—air, rail and land—which could eventually be shut.

INDUSTRIAL POLICY

Let me finish this list of major reforms with a discussion of industrial policy. I think it is fair to say that since deficit oil shock in 1973-74 until now there has been no industrial policy in my country worth its name, except in the energy sector—and this only since 1979.

True, public funds have been generously granted to crisis industries, either openly or in a more or less disguised fashion. But what past governments have engaged in could more properly be called financial restructuring than industrial restructuring. No wonder the problems of the steel, shipbuilding, textile and chemical industries, to name a few, are still with us. This Government is determined to go deep into true industrial restructuring, scrapping old plans, advancing early retirements and facilitating layoffs if necessary, at a cost bearable by the workers. At any rate, the Ministry of Industry is going to put out shortly a white book on the problems of industrial reconversion, setting the main lines of policy in this area.

This Government is very sensitive to the issue of industrial reconversion. As the maintenance of the present system of financing crisis industries effectively amounts to putting a tax on potentially booming sectors, it is in these healthy sectors that the Government is interested. Furthermore, this Government is contemplating actively promoting promising sectors, through finance for research and development, ancillary support to small-sized firms, and stimuli to venture capital. Of course, all these reforms should not be seen in isolation. Their impact is going to be assessed, along with that of other policy instruments, in the framework of the four-year plan, which is a forecasting of alternative possible scenarios of the Spanish economy in the world context, with the aim of designing strategies enabling the Government to keep policy on course in the light of anticipated emerging constraints and opportunities.



Spain started late in the race towards energy saving and oil substitution. Nevertheless we are going to continue the more efficient energy policy followed since 1979 by reconverting oil fired power stations and cement factories into coal, domestic and imported, and to fully develop the four nuclear power stations currently under construction.

I have been quite candid with you in going through the details of the problems we face. Some of these problems are the transitory reflection of both the current world recession and our disinflation policy. But some are of a more fundamental nature. To ignore them would have been naive and indeed suicidal. In this regard, we are not going to make the mistakes of previous administrations. But it would be equally foolish not to recognize our growth potential and the opportunities for stable development that lie ahead, so let me close on a more optimistic note. The growth potential of our economy is partly determined by objective circumstances, such as the skill and dedication of our labor force, the accession to the European Community, and the resourcefulness of our entrepreneurial class. But it is also policy-induced, and it will be the wisdom of this Government in betting on enlarging the role of the market which will permit these potential benefits to be fully captured. The opportunities for growth open to the Spanish economy are well perceived by foreign investors, who continue pouring money, technology and management skills into Spain.

Among foreign investors in our country, U.S. corporations play the leading role in banking, automobile production, food processing, electronics and computer equipment, to name a few of the sectors where the country has been revealed as possessing a dynamic comparative advantage in international competition.

I feel confident that along with these sectors, new ones will emerge to lead the way toward prosperity—as we dismantle, as we are bound to do, the existing levels of protection which currently impose taxes on potential exports; and as we learn from past mis-

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H.E. MIGUEL BOYER

(CONTINUED FROM PAGE 16)

takes, as all countries do, to introduce more rational and open policies. Because comparative advantages are not something fixed and given by nature but are, to a great extent, man-created. The belief in the ability of man to improve his lot is a part of the American heritage that has contributed to increasing self-confidence in the rest of the world. The benefits of free trade do not boil down to those derived from the physical exchange of goods and monetary funds; far more important, in the long run, is the role that international trade plays as a channel for the intercourse of ideas and stimuli among countries. This is why we look on the United States not only as the "Great Power" that it is, not only as the first source of investment in Spain, nor as our first import supplier, but as a source of inspiration and a world leader in the task of rebuilding a free, open trade system which will assure the way to international prosperity.

Thank you very much for your presence here. I hope to see many of you in Spain soon. □

N.Y. Times Magazine Supplement Nov. 20th to Promote Spanish Tourism, Products

"Invitation to Spain," a four-color full-size magazine supplement, will be distributed on Sunday, November 20th with the national upscale circulation of the *New York Times*. The supplement will be totally oriented to selling Spain as a tourist destination and the promotion of Spanish products. It is being produced for the Spanish National Tourist Office, under the auspices of the Consulate General of Spain in New York and with the cooperation of the Chamber.

The "Invitation to Spain" supplement will reach an audience of more than four million, an audience which is rated as affluent and interested in travel. It is being produced by Donald M. Martin & Co., International Travel Development, 630 Fifth Avenue, Suite 610, New York, N.Y. 10111. The firm has developed supplements for the European Travel Commission and others.

Advertising rates range from $4,115 for 1/5th of a page to $16,850 for a full page black and white. A 4-color page costs $24,685. There are also several intermediate sizes. The closing date for advertising orders is Friday, September 30th. All inquiries should be addressed to Donald M. Martin & Co., Inc. Contact Catalina Sodero or Hans Friis at (212) 307-1200.

ANNUAL REPORT OF THE PRESIDENT

(CONTINUED FROM PAGE 8)

Spanish Institute.

- On March 17 through 19, 1983, we participated in a major symposium, *Spain and the U.S.: A Conference to Analyze New Perspectives Within the Western Community*, held at Tufts University's Fletcher School of Law and Diplomacy.
- On April 23, 1983 we hosted the Annual Dinner-Dance, which celebrated the 24th anniversary of the founding of the Chamber and honored the New York-Madrid Sister City Agreement.
- On May 26, 1983 we held a luncheon in honor of H.E. Miguel Boyer, Minister of Economy and Finance of Spain, who spoke at the Pierre Hotel on *The Spanish Economy: Situation and Perspectives.*
- On June 23rd, as everyone knows by now, the Chamber will be honored by the visit of Prime Minister Felipe González and the luncheon which we and the Spanish Institute will give in his honor at the Waldorf Astoria. I am sure I don't need to urge this assemblage of the Chamber's most active and dedicated members to support this luncheon with the largest turnout we can manage.

In concluding, I especially want to thank the Board of Directors, and especially those who are concluding their service. We have been exceptionally fortunate in having a nucleus of active members who are ready at all times to do what they can, and the members of the Board are representative of that nucleus. Their support has made the past year very rewarding for me. And very particularly I want to thank the staff of the Chamber for a job well done.

The advice and counsel of the Spanish officials in the United States has also been invaluable, and we are all grateful for it. Our thanks and gratitude go to our new Ambassador Gabriel Mañueco, with whom we look forward to working in the future; to Consul General Máximo Cajal (who is currently Ambassador of Spain to Sweden); to Acting Consul General Miguel Cordomí; to Commercial Counselors Rafael Aguilar and his colleague Antonio Llanos; and to Francisco Girón Tena, Director of the Spanish National Tourist Office.

And that is my report to you. It has not been as rosy as I would have preferred; but nevertheless I am optimistic. The signs on the economic horizon are encouraging. The new government in Spain is anxious to improve the export picture, just as we are. And the spirit of the Chamber is fine, as always. There is no question that we will survive and prosper, and with your help the Chamber should have a better twenty-fifth year than any other before. □

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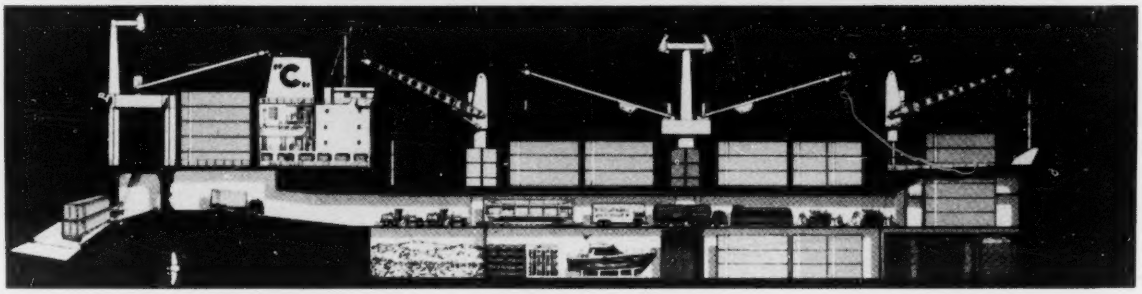

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By HECTOR RODRIGUEZ MOLNAR
Allende & Brea, Madrid

Spain's Energy Resources

"Efforts must basically be devoted to reducing the Spanish dependency on oil, which at present reaches almost 70% of energy supply."

ENERGY IN SPAIN

Introduction: The impact of oil

Spain's reaction to the energy crisis which started in 1973 was slow and painful. But following the Parliamentary action which led to the adoption of the National Energy Plan (NEP), the results have certainly been important. There are four basic areas in which the country has developed a consistent and sucessful course of action:

- **Reduction of oil imports.** Importation of foreign oil has fallen about 14% in the last three years, according to the Ministry of Industry and Energy. Increased use of coal and gas resources as well as a rational use of available nuclear energy sources accounts for this achievement.
- **Energy-saving campaigns.** Actual consumption of primary energy has also decreased sharply. While it is true that economic stagnation has discouraged the demand for energy products, it is also apparent that the figures show a more rational use of the different energy sources available. The percentage of GNP per energy unit consumed has been increasing steadily in recent years.
- **Increase in domestic supply of energy.** Among the various achievements in this category the increase in coal consumption is worth noting.
- **Higher levels of efficiency.** Various actions have been and are being taken to avoid energy waste and assure a more rational use of the energy output in all types of consumption units.

Several different forecasts of future demand for energy products have been made by means of mathematical models and methods. The results available by the end of 1981 indicated that by 1990 an adequate overall energy supply should be distributed as follows:

Oil	45.2%
Coal	22.8%
Nuclear	15.1%
Hydroelectric	9.2%
Gas	6.1%
Other	1.6% [1]

This is not only possible but also consistent with the goals set by the EEC, even though there are certain differences which are basically due to Spanish local factors.

It is clear from the above that efforts must basically be devoted to reducing the Spanish dependency on oil, which at present reaches almost 70% of energy supply. Discovery of productive oil fields has been far behind the increase in consumption, and current outlays reduce Spanish oil reserves at a rapid pace.

The Government supports exploration and investigation in this sector, and the favorable legislation currently in force is also extremely useful in this regard.

Alternative energy sources

We shall briefly review the various alternative energy sources and the possible developments in the years to come.

- **Nuclear Energy.** Nuclear energy, used in times of peace, is radically different from more traditional sources such as coal or oil in that it can only be used to produce electricity and is not subject to depletion; the latter is a feature which it shares with solar energy.

Spain has four operational nuclear reactors (with an installed capacity of 2,030 MWe) and eleven reactors under construction. The nuclear program in progress until October 1982 was aimed to reach 12,600 MWe by 1990. Nuclear energy is not a priority in the energy program of the new government, and many of the works still in progress may come to a halt. It is foreseen that no new construction permits will be granted in the future[2].

- **Coal.** The coal industry started to recover shortly after the oil crisis. Its output has doubled in the last five years. This is highly significant if we take into consideration that this sharp increase has taken place at a time of recession and crisis in the steel industry. The electric and cement industries have been almost totally reconverted to coal, thus accounting for the increase in consumption. Almost 80% of coal consumption is devoted to producing electricity.

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[1] Multisectorial model, by the Commissariat for Energy and Mineral Resources.

[2] Government Energy Program, June 30, 1982.

Coal mining seems to have a promising future. The energy program of the new government is intended to foster exploration and production through means such as granting of permits for larger exploration areas; providing for intensive exploitation programs by qualified permit holders; and increasing productivity and requiring use by permit holders of modern technical equipment.

All of this implies that national production will be energetically fostered by the government. The program also foresees the granting of economic, financial and technological aids through different cooperation programs. It is envisioned that the aids currently provided for by the legislation in force shall be partially replaced by direct contributions to be made by the State or Autonomous Communities to the share capital of the undertakings working in the sector.[3]

"The kind of coal currently considered as eligible for conversion to gas is not even recorded as an energy sources because of its low quality."

One of the consequences of this program may be that the control of the energy program would be decentralized, although it is not possible at this stage to determine the extent to which actual decentralization might take place.

Recent exploration has determined the existence of reserves in excess of 100 million tons in the area of Ginzo de Limia (Orense) and other areas such as Granada, Teruel and the Balearic Islands.

One of the alternatives currently under analysis is the possibility of economically obtaining gas from coal. The NEP is not explicit on the subject, but it is considered that gas production at least from low quality coal (coal having high sulphur content and low caloric power) should find a place in any energy program for the near future.

The energy program prepared by the new government also keeps silent on the subject. However, taking into consideration the government's intention to facilitate and introduce the use of new technology in the energy field, it is likely that projects in this sector will be welcomed and subject to favorable consideration should such projects be regarded as positive for the Spanish economy as a whole and for the sector in particular.

It is important to note that the kind of coal currently considered as eligible for conversion to gas is not even recorded as an energy source in Spain because of its low quality. The introduction of technology allowing gas production from this low-grade coal would therefore have a favorable impact on the country's recorded energy reserves.

In addition, it is worth pointing out that Spain is almost 100% dependent on foreign sources of fertilizers.[4] The introduction of this system, which is applicable to the production of fertilizers, would have enormous bearing on the manufacture of nitrogen-containing fertilizers, which are essential for Spain's food supply.

- **Hydroelectric Energy.** Consumption of hydroelectric energy started to rise in the '60s, with early increases in the range of 12%, but the infrastructure was inadequate to sustain this rate of increase. Cheap oil also helped to stop the expansion by making thermally produced power more competitive.

Nevertheless, hydroelectric potential increased moderately over the years, and current installed capacity allows an average output of 2600 hours/year, while rational use of the still undeveloped resources would allow approximately 1500 hrs/yr more. Thus a certain potential is available, but costs are by no means low. Taking advantage of these latent resources would require numerous installations at a high cost.

Most of the rivers allowing production of important hydroelectric outputs are already being used for electric power purposes. The potential is limited and scattered, which implies important financing problems. The final proposal embodied in the NEP foresaw an expansion of about 5,400 MW in the 1980s, but this may not be feasible at present. The energy program of the socialist government aims at maximizing the effectiveness of the already existing infrastructure, while encouraging new projects. Although there are no specific references to financing in the program, it is obvious that there is no way to expand activity in the sector without providing the necessary financing and/or establishing aids in connection thereto[5].

- **Natural gas.** Based on estimates made public in 1980, probable reserves or oil, uranium, natural gas and coal are enough to meet demand for 27, 35, 55 and 265 years respectively.[6]

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[3] Government Energy Program, June 20, 1982, Page 7.

[4] Source: Ministry of Economy and Commerce.

[5] Government Energy Plan, June 30, 1982, Page 8.

[6] Antonio Telez de Peralta, "Natural Gas and Energy Supply," November 11, 1982.

These figures not only indicate the need to "get away from oil," as suggested by the International Energy Agency, but also highlight the importance of natural gas as an immediately available substitute for oil, in addition to coal.

Gas has certain readily noticeable advantages over coal in the short term. While conversion to coal requires technological developments and widespread social acceptance, gas has virtually no deleterious environmental impact, thus making it the most appealing alternative energy source during the transition period that would eventually lead to the full substitution of coal for oil.

Spain is dependent on gas imports. Reserves recently discovered in the south of the country seem an adequate basis for future action, subject to these reserves being commercially exploitable. With regard to the possibility of carrying out deep exploration, Spain has drilled only half as much as other European countries, while only one tenth of the drilling has gone below 3500 meters.[7]

- **Geothermic energy.** Some basic action has been taken by the Spanish government in the past toward the identification of the areas potentially suitable for production of geothermic energy. Expanding on this point would exceed the purposes of this report, but it can be said that areas of interest are in the northern part of Madrid province, the Betic chain, the central Pyrenees, and Cataluña. The existence of hydro-geothermic resources is well known in Spain. Underground waters maintain a stable year-long temperature, between 15° and 20° C, and are especiallyu suitable for the use of heating pumps which would allow low temperature energy to be obtained (40°-50° C).

It seems to be a general opinion among Spanish technicians that in spite of their relatively low efficiency, high temperature geothermic stations are economically potentially competitive vis-a-vis other types of normal energy stations because they are less capital-intensive; that is, less investment per installed Kw is necessary, and thus costs per Kwh produced are lower.

- **Solar energy.** Spain is thinking about solar energy not only in terms of hope for the distant future but also as a more immediate possibility. However, it may well be true that solar energy will not be economically viable for at least twenty years.

In the meantime, solar energy must be regarded as a partial alternative in certain geographical areas and sectors of the economy. The Spanish administration is making efforts, in general terms, to reduce the cost of collecting solar energy, in line with efforts being made by the EEC; the economic subsidies granted by the Spanish government, however, are higher than those granted by other European countries.

In addition, Spanish technology is advanced in the use of solar energy to produce temperatures in the range of 100°-250° C. A few industries are already working on this kind of energy. As an example, certain meat preserves are sterilized with solar energy.

- **Other sources.** Together with all of the above alternatives, there are other energy sources which are currently being used:

Aeolian (wind) energy is useful in certain parts of Spain, basically for obtaining electricity and pumping water. This source of energy is now at the research stage, although it is already working adequately for industries and productive units requiring low energy output.

Waste treatment. By no means less important is the research now being carried out in this field. Recycling of waste has reached about 90% in the U.S., and the process is under study in Spain.[8] Some bodies of the Spanish local administration, such as the Diputación Provincial of the Province of Madrid, are taking the lead on this subject.

Energy saving is the command of the future; but saving will not be enough unless new energy sources are developed and prepared to meet the increasing demand which technological advances make probable in the not too distant future. Spain has undeniable potential, and turning such potential into reality is one of the many challenges that the country, and those willing to cooperate with it, will have to face in the future.

FOREIGN INVESTMENT IN THE ENERGY FIELD

The possibility of foreigners developing activities in the area of energy should be analyzed according to specific sectors. The authorized contribution by foreigners may range from 0% (e.g. defense-related activities) to 100% (in liberalized sectors and special activities such as exploration for hydrocarbons). We shall briefly summarize the basic aspects of Spanish legislation on the subject.

1. Oil and gas. The Act on Investigation and Exploitation of Hydrocarbons[9] sets forth that foreigners shall be free to invest capital for the purpose of exploring and drilling for hydrocarbons. This means

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[7] Antonio Telez de Peralta, quoted article.

[8] The Directorate General of Foreign Transactions of the Ministry of Economy and Commerce is currently reviewing applications for foreign investment in the waste treatment and disposal business.

[9] Act 21, 1974, dated June 27.

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activities as exclusive corporate purpose.

For various reasons, most foreign companies have resorted to the branch form to operate in Spain, even though this is not compulsory under the legislation in force.

Freedom of investment is limited to exploration and exploitation of hydrocarbons, within the limits set forth by the Hydrocarbons Act and Regulations. Foreign companies either owned by foreign States or which are financially dependent on foreign States can only contribute up to 50% of the share capital of a Spanish oil company.

Based on this, it might be assumed that a branch of a foreign State-owned company would not be authorized in Spain; however, Section 8 of the Hydrocarbons Act establishes that the Council of Ministers can authorize exceptions to the 50% rule, provided the investment proposal is favorably considered by the Treasury and the Ministry of Foreign Affairs.

> "Energy saving is the command of the future; but saving will not be enough unless new energy sources are developed and prepared to meet the increasing demand technological advances make probable..."

Spanish companies having as their corporate purpose the "refining of oil for domestic supply" can only receive foreign contribution up to 40% of their share capital.

2. Coal. Exploration and exploitation of coal are subject to the terms of the Mining Act[10], which allows for a maximum foreign contribution of 49% to the share capital of companies working in this field. The Council of Ministers can authorize investments exceeding this percentage.

In addition, there are certain restrictions on the nationality of the members of the boards of directors of these companies.

There are two exceptions to the above regime:
a) Companies involved exclusively in the search for and exploitation of mercury, in which foreign participation is prohibited; and
b) Companies holding mining rights in areas specifically reserved in favor of the Spanish State, in which foreigners can contribute up to 100% of the share capital.

3. Nuclear energy. The subject is complex and may involve activities which are different in nature:

a) *Spanish Consulting and/or Engineering Services.* Depending on the nature of the services to be rendered, investment by foreigners may be free or limited to 49% of the share capital. Nuclear engineering services are generally regarded as being liberalized.

b) *Activities directly related to the extraction and handling of uranium.* These may be regarded as directly related to national defense.

C) *Construction of nuclear power plants.* In the absence of a specific rule, investments by foreigners would be free up to 50% of the share capital of the Spanish company, except where this share capital is lower than 25 million pesetas, in which case a liberalized regime has been provided for by Royal Decree 623/81, dated March 27th.

At any rate, and taking into consideration the existence of regulations on safety and control as well as the lack of clear and specific provisions, any course of action should be carefully evaluated.

4. Hydroelectric energy. Any investment proposal must be analyzed by taking into consideration that activities of companies working in this field generally imply the use of public waters for general supply (public service); that in certain cases their activities may be related to national defense; and that most electric companies quote in the stock exchange markets.

The applicable regime may therefore depend upon the specific project concerned. Purchase of stock of electric companies quoting in the stock exchange is free up to 25% of their share capital.

5. Others. In the absence of specific provisions, we understand that investments in other kinds of companies would be subject to the general regime, that is:
a) Subject to the liberalized system established by Royal Decree 623/81 if their share capital does not exceed 25 million pesetas; and
b) Free up to 50% of the share capital if same exceeds 25 million pesetas. Administrative approval would be required to acquire more than 50% of the share capital of the Spanish company.
c) Under the general regime, branches can be authorized for commercial activities but are not allowed to carry out manufacturing activities. Granting of approval for branches is discretional by the Directorate General of Foreign Transactions (DGFT) of the Ministry of Economy, Commerce and Finance, and subject to the filing of documents and information relevant to the proposed project. ☐

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[10] Act 22/73 dated July 21, 1973.

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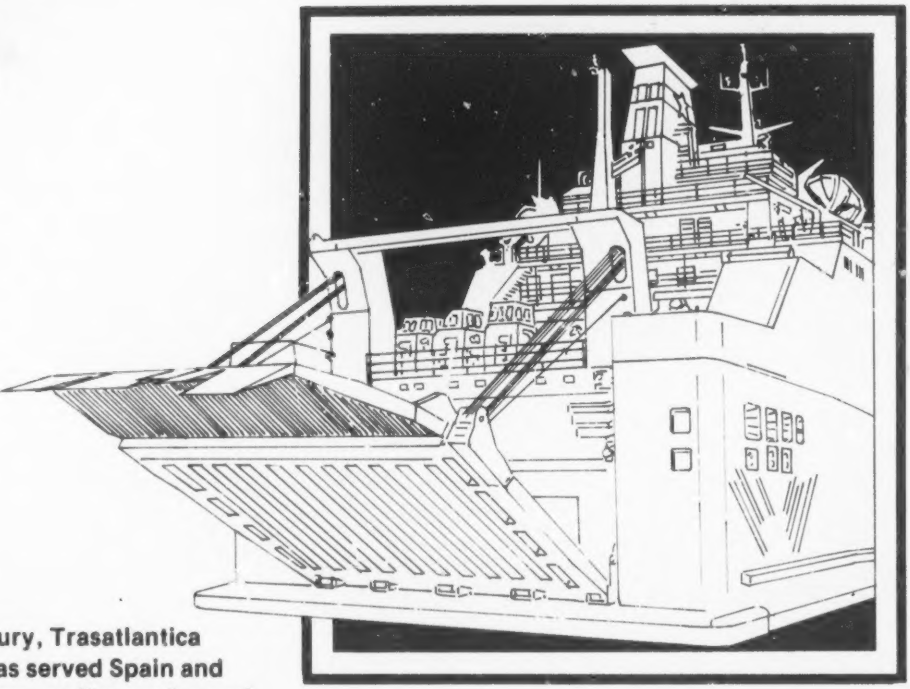

For over a century, Trasatlantica Spanish Line has served Spain and the U.S., offering quality service and personalized attention to customers and cargo. Now, Trasatlantica Spanish Line's North Atlantic service has been expanded to include the Italian ports of Genoa and Leghorn, linking the heart of the Mediterranean with the United States. Also new is the addition of two sophisticated Ro/Ro and Lo/Lo vessels offering service between Mediterranean ports and Miami and the U.S. Gulf. General agent for the line is the Kerr Steamship Company, 2 World Trade Center, New York, N.Y. 10048; telephone (212) 524-1100; with offices throughout the United States.

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Above — Los Castizos de Madrid, a zarzuela group which appeared courtesy of the City Hall of Madrid, entertains. Left — the guests of honor at the president's table.

The Chamber's Annual Gala Salutes Madrid-New York Sister City Agreement

On Saturday evening, April 23rd, the Chamber celebrated the 24th anniversary of its founding and presented "A Salute to the New York-Madrid Sister Cities Agreement." The annual gala, held in the Grand Ballroom of the Pierre Hotel, was attended by a large and enthusiastic group of Chamber members and their guests.

Above, left, Edgardo Vazquez, Chairman of the Madrid-New York Sister Cities Committee; center, Enrique Moral Sandoval, Deputy Mayor of the City of Madrid; right, Carlos Ros, Chairman of the Dinner-Dance Committee.

Above — (L to R) Miguel Cordomí, Consul of Spain in New York; Chamber President Ricardo Jove; and Gabriel Mañueco, Ambassador of Spain to the United States.

Right — (L to R) Mr. and Mrs. Raul Valdes Fauli; Edgardo Vazquez; Mrs. Carlos Ros; Deputy Mayor Enrique Moral Sandoval of Madrid; and Carlos Ros.

A Message from the Mayor of Madrid, Enrique Tierno Galván

Mayor Tierno Galván, who was unable to come to New York for the Chamber gala because of the election campaign in Spain, is President of the World Federation of United Cities and of the Union of Ibero-American Capital Cities. The rebirth of the city, he believes, is vitally important to the peace and development of the world.

Queridos amigos:

Lamento de veras que las obligaciones de mi cargo, en circunstancias tan especiales como son las de la campaña electoral en curso en toda España, me impedan estar entre ustedes, como hubiera sido mi deseo. Pero no quiero dejar de enviarles un cariñoso saludo y unas breves palabras, aprovechando la presencia en Nueva York de Don Enrique Moral, Concejal de Cultura y Teniente de Alcalde de Ayuntamiento de Madrid.

Deseo manifestarles, ante todo, mi agradecimiento por su presencia en este acto, de tan especial significación para las ciudades hermanas de Nueva York y Madrid, y la gran satisfacción que nos ha proporcionado el que el Consejo Directivo de la Cámara de Comercio Española en Estados Unidos acordara resaltar y conmemorar el hermanamiento entre ambas ciudades, firmado el pasado mes de junio del 82, y dedicarnos este año su Cena Anual, reunión de los más destacados representantes de la industria, la banca, el comercio y la cultura de la ciudad de Nueva York, amigos de esta Cámara.

Es éste un homenaje a nuestro reciente hermanamiento y podría también decirse que es preludio de la Semana de Madrid en Nueva York, que estamos organizando para el próximo otoño, concretamente durante el mes de octubre; y que confiamos sirva para estrechar aún más los lazos ya existentes entre nuestros dos municipios y comunidades.

Hasta hace pocos años, las relaciones entre países se establecían, casi exclusivamente, a nivel de Estados. Sin embargo, como habrán observado, desde hace algún tiempo se están desarrollando e intensificando, de forma clara e irreversible, las relaciones intermunicipales y los intercambios locales de toda índole, tanto a nivel oficial como a nivel ciudadano.

El desarrollo y humanización de las ciudades supone, fundamentalmente, el redescubrimiento del hombre por encima de su propia obra y, esta tarea de humanismo cívico, se logra en gran parte con la implantación de un sistema de relaciones solidarias, espirituales y materiales, entre los habitantes o vecinos de las diferentes regiones, países y continentes.

En este sentido, el hermanamiento constituye fórmula válida y eficaz que facilita el desarrollo de este nuevo y necesario tipo de relaciones siempre que, naturalmente, no se limite a meras declaraciones de amistad y buenas intenciones, sino que se convierta en un instrumento de comunicación, de intercambio y de cooperación, con la creación de comités de hermanamiento y la puesta en práctica de medidas y programas realistas y concretos.

Persuadido del nuevo papel que incumbe a las ciudades en el campo de las relaciones internacionales y de la importancia que este renacimiento de la ciudad puede tener para contribuir a lograr la paz y el desarrollo—puesto que la ciudad es fundamentalmente pacífica, por su propia naturaleza—es por lo que, en estos últimos años, he dedicado gran parte de mis tareas a actividades relacionadas con estas convicciones, asumiendo la Presidencia de la Federación Mundial de Ciudades Unidas y, en octubre del pasado año, la de la Unión de Ciudades Capitales Iberoamericanas (U.C.C.I.) que se constituyó en Madrid en esa misma fecha.

La Federación Mundial de Ciudades Unidas será, probablemente, conocida por la mayoría de ustedes ya que, sin lugar a dudas, representa el movimiento de cooperación intermunicipal con carácter más universal de cuantos han sido constituídos hasta la fecha. Cuenta, actualmente, con unas 3.500 colectividades miembros, pertenecientes a más de 90 países de los cinco continentes, y ha practicado más de 5.000 hermanamientos, estableciendo así una auténtica red universal de ciudades, un entramada de relaciones intervecinales, y la conciencia clara de que la historia del mundo, en el futuro, se hará quizás desde la perspectiva de la ciudad.

Por lo que respecta a la Unión de Ciudades Capitales Iberoamericanas, fué constituída en Madrid en octubre del pasado año 1982, fecha en la que dió comienzo la llamada Década de Descubrimiento de América que culminará, en 1992, con la celebración del Quinto Centenario de tan magno acontecimiento. Acontecimiento singularísimo al que corresponde el mérito de haber perfeccionada, ante la conciencia e inteligencia de todos los hombres, la unidad de su hogar universal y haber hecho posible la integracion de todos los seres humanos en la práctica de teorías universales que, antes del Descubrimiento, tenían carácter abstraco.

CONTINUED ON PAGE 28

A MESSAGE FROM THE MAYOR OF MADRID

El sentido más amplio y general que tiene la Unión de Ciudades Capitales Iberoamericanas es el de configurar una comunidad lingüistico-cultural y un ámbito moral iberoamericano, definidos esencialmente por la idea de la *paz* y por una colaboración que se refleje en aumento de bienestar, material y espiritual, de todos sus componentes.

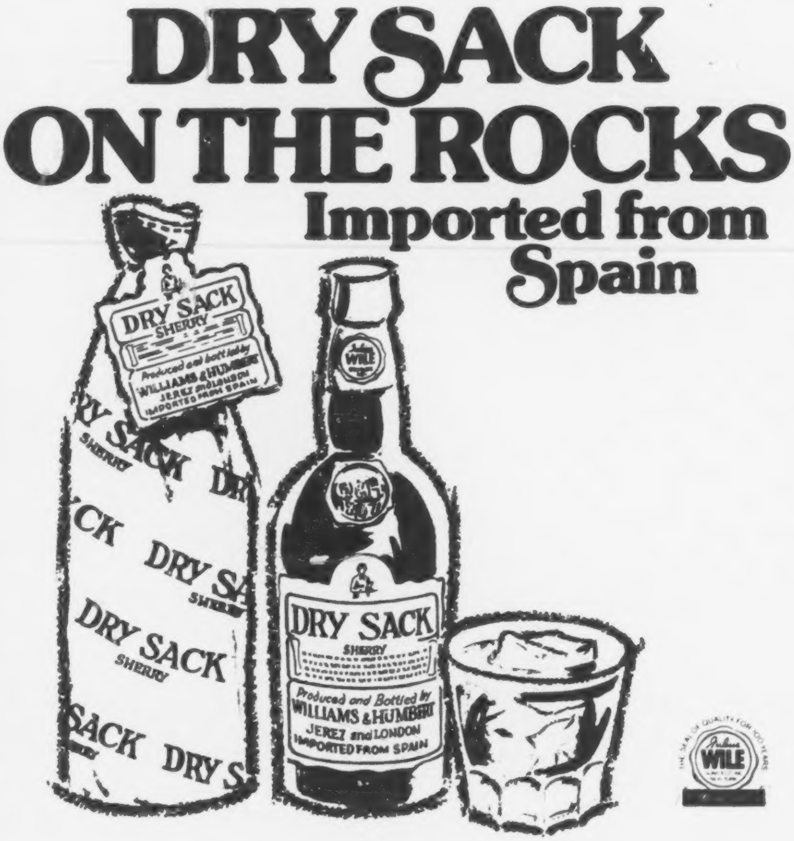
También las comunidades hispano-hablantes que existen en áreas externas a la tradicional comunidad iberoamericana, tienen el derecho y el deber de colaborar y participar en aquellas actividades que, para propagar la lengua y la cultura iberoamericanas, lleve a cabo la U.C.C.I. En este sentido, confiamos que los miembros de la comunidad hispano-hablante de Nueva York estén siempre en buenas relaciones y en estrecho contacto con la U.C.C.I., con el fin de mantener viva la llama del espíritu hispánico en esta ciudad amiga.

Por último, no quiero dejar de mencionar que el 24 de abril de 1983 es fecha destacada por coincidir en ella dos importantes conmemoraciones. En primer lugar, es el día en que los 3500 municipios afiliados a la Federación Mundial de Ciudades Unidas celebran el **Día de las Ciudades Unidas, Fiesta de los Municipios del Mundo,** y también, por vez primera desde la creación de la U.C.C.I., todas las capitales iberoamericanas festejan el **Día de los Cabildos, Consejos, Ayuntamientos o Municipalidades de las Américas,** como se acordó declarar en la 1ª Asamblea de la Unión, a propuesta del Ayuntamiento de Santo Domingo, el día 24 de abril de cada año, para conmemorar la constitución, en esa misma fecha del año 1494, del primer Cabildo del Nuevo Mundo en la Isabela (isla La Española).

Les agradezco de nuevo su amable presencia en este acto, al que tanto me hubiera gustado asistir, y su contribución al brillante homenaje que la Cámara de Comercio Española ha dedicado al hermanamiento de nuestras dos ciudades, que confiamos poder plasmar muy pronto en acertadas medidas y programas de intercambio y colaboración, entre los diversos sectores que componen nuestras comunidades amigas.

Un cariñoso saludo,

ENRIQUE TIERNO GALVAN
Alcalde de Madrid



Appoint García Herraiz Director of Barcelona's Palacio de Congresos

Enrique García Herraiz, former Director of the Spanish National Tourist Office in New York, has been appointed Director of Barcelona's convention center, the Palacio de Congresos.

The Palacio de Congresos offers every variety of service relating to conventions, expositions, conferences, seminars etc., including promotion, financing, product presentation, travel arrangements, simultaneous translation, interpretation, etc. For further information on the facilities and services offered contact Mr. García Herraiz at Av. Reina María Cristina, Barcelona-4; telepohone 223 31 01; telex 53117/50458 FOIMB-E.

Olive Shipping Rates Maintained, CYC and Other Charges Raised

At a meeting of the Olive Committee of the Iberian/U.S. North Atlantic Westbound Freight Conference on May 17th, it was decided to maintain the present level of shipping rates on olives for the period Oct. 1, 1983 to Sept. 30, 1984. However, pallet allow-

(CONTINUED ON PAGE 41)

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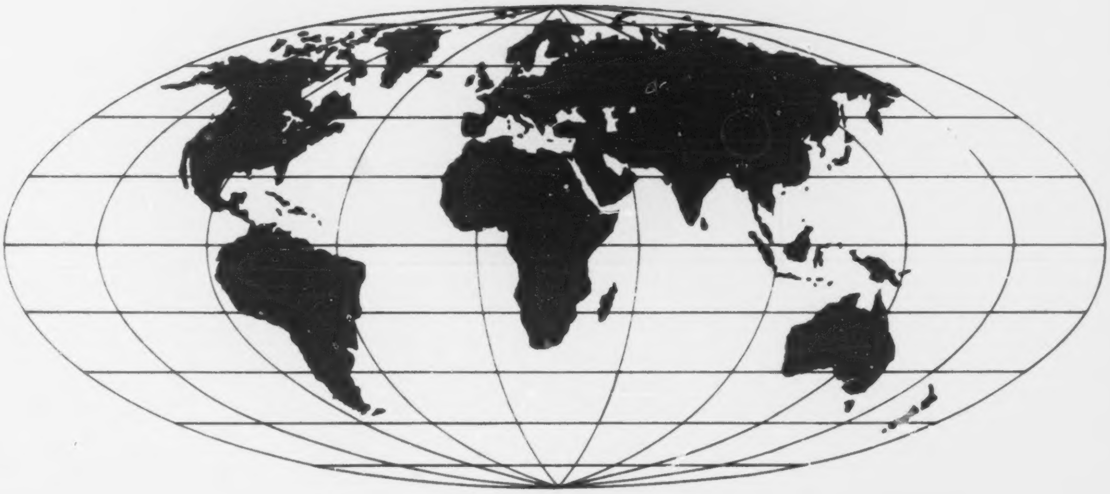

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By SAMUEL D. EATON

The Transition in Spain: II

In the second half of his paper presented at the Tufts University symposium in March, Mr. Eaton continues his detailed and perceptive analysis of political events in Spain, beginning with the election of Leopoldo Calvo Sotelo in 1981.

Stage Five of the Transition: The Pendulum Swings Rightward

WITH the departure of Suarez, Leopoldo Calvo Sotelo was named Prime Minister. Calvo Sotelo symbolized a swing back toward the Center or Center-Right. He was basically a man of the establishment. He was an able former businessman who was a nephew of the late conservative business leader, José Calvo Sotelo, whose assassination in 1936 triggered the outbreak of the Civil War. He was a strong force in the hurried creation of the UCD just before the June 1977 elections, and later held a number of government posts, including that of chief negotiator for Spanish entrance into the Common Market.

Calvo Sotelo set three principal goals upon taken office as Prime Minister: Spanish entry into NATO, improvement of the economy, and strengthening of the UCD. But before he could get started on these goals — indeed, before he was formally voted into office on February 26th, Spain's young democracy was faced with a sudden critical threat.

On February 23rd, 1981, a right-wing retired Army Lieutenant, Colonel Antonio Tejero Molina, led units of the Civil Guard in the occupation of the Cortes, taking hostage all those present including much of the cabinet, who were there for the confirmation vote on Calvo Sotelo as the new Prime Minister. In this bizarre coup attempt, Tejero had the backing of some active generals who wanted a return to a Franco-type Spain, and who evidently thought the country was ready to end its experiment in democracy after five years and that the King would acquiesce. They were wrong. The King took personal charge of convincing the military leadership that he continued committed to democracy and that the country would not stand for military rule. He called each Captain General of the military regions of Spain during the course of the evening of the coup attempt to ask their support. When he had their assurances he went on national television at 1:00 a.m. the following morning to reassure the nation. The uprising was quickly put down, and there were large follow-on demonstrations in the principal cities against the coup attempt.

The King's role in ending the coup attempt further enhanced his prestige and popularity. But the attempt was a reminder that there was a group — perhaps more significant than the voting and the demonstrations for democracy would indicate — that was dubious about the democratic experiment. This group was reacting to persistent regional, economic, public order, and public morals issues. Just how strong it might be in the future, particularly within the military, was uncertain, but a matter of concern. Its spectre was, at the same time, however, a force for moderation and responsibility on the part of the political leadership that wanted to protect and nurture Spain's young democracy.

THE attitude of the military in the year and some months immediately succeeding the coup was tested by the trial process, in the military courts, of those implicated in the coup. The result was mixed, but on the whole supportive of democracy. The highly publicized trial revealed to the nation a group of military officers who did little for the credibility of their cause or their personal standing by, with one or two exceptions, repeated mutual recriminations and the lengths to which they went to avoid personal responsibility. At the end of the trial, on June 3rd, 1982, the military court handed down severe sentences of thirty years imprisonment and expulsion from the Army for military rebellion for two principal protagonists, Lieutenant Colonel Antonio Tejero Molina and Lieutenant General Jaime Milans de Bosch, and lesser sentences to others. The Government and others objected to the relative lightness of the sentences for those convicted other than the two principals, and to the fact that subordinate officials and soldiers who were implicated were not sanctioned. The military argued that the principle involved was that they were merely following orders. The Government immediately appealed the sentence to the Supreme Court. A few days later, on June 9th, the Joint Chiefs of Staff of the Armed Forces issued a statement to all military units which contained the following points, in free translation:

> 1. The Spanish Armed Forces, in fulfillment of their mission, loyally defend the Crown, the Constitution and existing law, and, consequently, respect the independence of the judicial power, as is appropriate under the Spanish legal system.
>
> 2. Consequently they recognize that the Supreme Council of Military Justice has acted within the bounds of its judicial functions, without prejudice to the definitive sentence that the Supreme Court may hand down in response to appeals, and which all will be obliged to respect.
>
> 3. Therefore, they consider inappropriate any negative comment on the conduct of the Supreme Court of Military Jus

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This is the second half of Mr. Eaton's paper, "Spain Today and the International Implications of the Current Economic and Political Scene," which was presented at Tufts University during the symposium "Spain and the U.S.: A Conference to Analyze New Perspectives Within the Western Community." The conference, held March 17th through 19th, was under the auspices of the Edward R. Murrow Center of Public Diplomacy of Tufts University's Fletcher School of Law and Diplomacy. Mr. Eaton's paper draws heavily upon his *Forces of Freedom in Spain 1974-79: A Personal Account*, Hoover Institution Press, Stanford University, Stanford, California, 1981.

The first half of Mr. Eaton's paper appeared on our March-April issue.

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> tice since that conduct concerns the military institution alone, and since such comment would be disrespectful of judicial independence.

It was not clear whether this statement, addressed to the military units, was meant solely for the military, or for the general public. Also, most of the public assumed the latter.

On balance, despite the Government's expression of dissatisfaction, the sentences handed down by the highest military court demonstrated healthy military respect for the authority of the King, the Constitution and the law of the land, and rejection of military rebellion against duly constituted civilian authority. Cynics—and perhaps realists—would say, however, that despite the rather impressive display of self-discipline on this occasion by the military institution, there was enough latent sympathy within the military for views such as those that governed the actions of General Milans de Bosch and Colonel Tejero to mean that the Spanish military was still far from accepting the absolute primacy of civilian authority in political matters.

No doubt in part because of concern over the military's future orientation, Calvo Sotelo and the Government were determined to proceed with the Spanish entry into NATO despite substantial Socialist and Communist opposition. There was a perhaps valid theory that the military needed a better focussed professional mission to take its mind off internal politics, and that NATO could provide that focus. NATO membership could also provide a great opportunity for the democracies of Europe to influence the Spanish military directly, in addition to the strategic advantages and the augmented role in Europe that would flow from it. So it was that the Government pushed Spanish membership in NATO through the Spanish legislature in the autumn of 1981 and that Spain formally became a NATO member in May 1982 over the opposition of the Socialists, the Communists, and perhaps a considerable part of the Spanish populace. So it was, also, that the opposition of the Socialists and the Communists was somewhat muted, presumably because they too recognized the internal political, if not the external security, arguments for membership.

Meanwhile, something clearly needed to be done about the economy. Yet it was not so clear that anything rational could be done in the short term that would greatly change the situation. Spain's energy dependence, together with generally depressed world economic conditions, worked against decisive short-term improvement. In this situation, Calvo Sotelo worked out a tripartite government-business-labor agreement in June of 1981 called the National Employment Agreement (ANE) to hold salary increases to between 9% and 11% (or 2% less than the anticipated inflation) over the coming year. This new cooperative economic effort, together with other stabilization measures, was aimed at bringing inflation down further, to 12% in 1982, while, with the help of increased public sector investment, providing sufficient encouragement to investors to achieve somewhat higher growth (3%) in 1982 than in immediately previous years. Not much more could be expected until the rest of Europe and the United States became more dynamic economically. The continuation of solid stabilization measures was necessary not only to provide a sound basis for future growth, but also to assure Spanish competitiveness when Spain entered the European Economic Community. However, an unemployment rate that had now risen to some 2,000,000 workers or about 16% nationwide made full implementation of the stabilization effort very difficult.

In this situation, the PSOE bided its time and gained in strength and cohesiveness, and the AP also made progress, while the UCD and the PCE faced internal party problems that led to the disaffection and disassociation of some of their adherents. At the end of October 1981, Felipe González was re-elected Secretary General of the PSOE with an almost unanimous vote in his favor of all delegates to the 29th Congress of the party. Then, in May 1982, the PSOE obtained a surprisingly wide margin of victory in regional elections in Andalucia. It won 53% of the votes, compared to only 13% for the UCD and an impressive 17% for the AP. Of course, Andalucía was not automatically to be considered typical of the country as a whole. The PSOE was expected to win there. But it was not expected to win that big, nor was the UCD expected to do that badly. The outcome thus could reasonably be taken as indicative of a shift away from the center and to the center-left, and to augur at least a PSOE plurality in the next general elections. The swing somewhat to the right in Spain signalled by Calvo Sotelo's assumption of the Prime Ministership in February 1981 and subsequently, in November 1981, also of the UCD party leadership was destined to be short-lived.

> "On balance, the sentences demonstrated healthy military respect for the authority of the King, the Constitution and the law of the land and rejection of military rebellion against duly constituted civilian authority."

The magnitude of the loss in Andalucía was naturally a shock to the UCD. It sharpened lines of division within the party between the Sauristas and the Social Democrats on the left (Fernández Ordóñez had already led a group of Social Democrats out of the party in 1981) and the Christian Democrats and the Liberals to the right. It called into question Calvo Sotelo's leadership, and indeed, more fundamentally, the viability of the UCD as a unified center party.

Meanwhile Santiago Carrillo was faced, first, the with disaffection in 1980 of the Catalan Communist group, who were opposed to his Eurocommunism, and then, in the autumn of 1981, with a problem of indiscipline by the Basque Communists who joined with the Nationalist Party of the Basque Left (*Partido Nacionalista de la Izquierda Vasca*) and by nine members of the Central Committee who gave implicit support to the actions of the Basque Communists. Carrillo responded by exerting his personal authority to have the nine members of the central committee expelled from the party (and thus returning to democratic centralism). A weak showing by the PCE in Andalucía, together with a persistent decline in membership, contributed, however, to challenges to Carrillo in the PCE's party Congress of July 1982. There both Nicolas Sartorius, Carrillo's deputy, and Marcelino Camacho, the Workers Commissions leader, resigned from the PCE's Party's governing council.

Carrillo himself first threatened resignation, but then continued as Secretary General on condition that the Eurocommunist line of the party be confirmed, autonomous regional communist parties not be permitted, and his leadership be accepted and supported.

The divisive forces within the UCD continued at work, with the result that in July 1982 Calvo Sotelo resigned from his leadership of the party in favor of Landelino Lavilla. Lavilla took the position reluctantly in the face of the further formalization of the splintering of the UCD through the creation of the Popular Democratic Party of the Christian Democrats, the Liberal Democratic Party by the Liberals, and the Social Democratic Center Party by a group headed by Suárez.

The UCD's ability and will to govern weakened with the splits in its forces. Therefore, after consultations with Prime Minister Calvo Sotelo, the King on August 28th, 1982 dissolved the parliament and announced elections for October 28th. Calvo Sotelo then called leadership of the UCD in the pre-electoral period to Landelino Lavilla. Adolfo Suárez split off to form his own small center-left party. Lavilla tried hard to organize effectively for election, but refused to ally with Fraga's Popular Alliance Party. His efforts were futile; the elections were to reveal a formerly strong UCD, which had governed Spain for over five years, now so weakened by internal division and the political costs of government as to virtually have disappeared politically. The main strength of both the PSOE and the AP in the election campaign was the weakness of the UCD and the desire of the Spanish electorate for political change. The PSOE's strategy was to capture the votes of disaffected UCD and adherents of the center and center-left through a campaign of eminent moderation. In 1979, Felipe González had achieved the removed of the PSOE's Marxist tag in a show-down over party leadership and direction. Building on this base, he now assured the public that the PSOE would nationalize only electric power, and otherwise would concentrate on job creation, expanded public educational opportunities, and other welfare issues. The AP, for its part, promised law,' order, economic recovery, and decisiveness.

Before elections could be held, there was another bit of military byplay. On October 2nd, the Government announced the arrest of three artillery colonels suspected of preparing a coup, code-named "Operation Cervantes," planned for October 27th. The coup concept seems to have been seizure of control of Madrid, occupation of ministries, newspaper offices, television stations, and, importantly, the military communications center; isolation of the King in the Zarzuela; and the installation of Milans de Bosch as Capitan General of Madrid. What would then have to be done is unclear. It is doubtful that Operation Cervantes would have gotten very far in any event. What is clear is that the Government's intelligence was effective on this occasion.

The national elections held on October 28th produced an impressive sweep for the Socialists. Eighty per cent of the electorate went to the polls and returned absolute majorities in both the lower and upper houses of the legislature. The comparative lineups in the controlling lower house (the Congress) in 1979 and 1982 are:

SEATS IN CONGRESS

Party	March 1979	October 1982
UCD	168	12
PSOE	121	202
AP	9	106
PCE	23	4
Catalan Liberals	8	12
Basque Nationalists	7	8
Others	14	6
	350	350

Thus, after seven years of experience and evolution, the new Spanish democracy had proven itself capable electorally of a first alternation between the center and the moderate social-democratic left. Now the social-democratic left would be tested in government, and the question of whether Spain would be tested in government, and the question of whether Spain would continue indefinitely to oscillate democratically within a relative narrow center band politically or whether it would radicalize and turn to violent confrontations as in the 1930s would be faced more directly than it had been thus far.

The Forces of Freedom in Spain, 1975-1982

What was it that sustained democracy in Spain in the seven year period from the end of 1975 to the end of 1982 against the contrary early predictions of the pessimists of Europe and the United States? What was it that gave democracy the strength to bring Spain to free and fair elections with the full participation of all significant political groups in the country; to stabilize the economy with the support of all political, labor and business leaders; to write and have adopted by a wide margin in national referendum a consensus constitution; to achieve regional autonomy arrangements that would dampen the support for both terrorism and separatism; to make a degree of institutional progress toward the creation of a coherent and effective political party system and a more modern and professional and less political military; and to permit an alternation between the Center, then the Center Right, and then Center Left social democracy?

It was, first, the strength of democratic idea in Spain at the time of transition; and second the vitality and ability of a new, young generation of leaders of Spain. But what made the democratic idea so strong and what produced the new generation of leaders? The principal sources of the strength of the idea and the vigor and adaptability of the new leadership were four:

1. The extraordinary economic and social progress of the last fifteen years of the Franco regime;
2. The lack of any cleavages in the Spanish society or body politic so deep as not to be resolvable through democratic means;
3. Foreign example, both positive and negative;
4. The existence or creation of a sufficient institutional base that was either positively supportive of democracy or, at least, acquiescent to it.

Beginning with the bringing into the Spanish Government of a group of technocrats in 1959 and their embarking on a major stabilization effort that produced a more open, more competitive, much more dynamic Spanish economy, Spain grew economically at the rate of eight or nine per cent per year. With an important assist from buoyant Western European economies, this rate of growth continued for some ten years. It was accompanied by industrialization, urbanization and social progress that, together with it, changed old hierarchies and old attitudes. Opportunities were greater for all Spaniards; expectations were more than met; there was more optimism, although the memories of the 1930s were still there to provide a note of caution; there was new ability and willingness to innovate and to compromise; and there was a strong new desire to return to politics after so many years of concentration on simple survival.

> "The success of Spain's foreign policy in other parts of the world will depend to a considerable degree on how well it manages its economy."

The economic and social progress of the 1960s and 1970s eliminated the most basic cleavage in the Spanish society, that between a rich and privileged few and an impoverished mass, and created a large and moderate middle class. There were now no class or social divisions so deep and extensive as to produce extreme responses, and the nation was not plagued with severely divisive colonial or international issues. Its regional and other internal problems seemed resolvable within a democratic context; and democracy was what it wanted and got in this period.

The economic and social progress of Spain was a part of a boom in the 1950s, 60s and 70s in Western Europe, most of which was democratic. The Spanish, including the Communists and the Socialists, were very much aware of the success of the democracies of Europe, and of the comparative drabness and repression of the societies of Eastern Europe. The twin examples, the one positive and the other negative, were not lost on them, and moderated any enthusiasm they might have had for extreme leftward structural changes.

With regard to institutions, the monarchy proved a powerful, positive force in the democratic effort. The church was supportive. The old Cortes voted its own demise to be replaced by a truly representative body. The political parties organized and coalesced in effective ways, at least for a time. The military was mainly passive politically, except for the one aborted eruption of February 23rd, 1981, and the threat of a second one just before the general elections of 1982. The extremes of the right and left were small minorities.

Principal Future Issues for Spain and Spanish Democracy

Spain has now entered the sixth phase of its democratic transition, a phase in which the political pendulum has swung moderately left. It would have been difficult to predict seven years ago that Spain would have reached this stage as relatively smoothly as it has. It is now in a period in which the fate of its democratic effort may be determined definitively. Its prospects continue to seem good. Nevertheless, there are still difficult problems to be faced. The principal issues of this phase are five:

1)—Will Spain now radicalize at two political extremes, as it did in the 1930s, or will it consolidate a regular, continuing pattern of political oscillation around the center?

There remain strong Marxist forces within the PSOE that doubtless are unhappy with the current moderate, social-democratic leadership of the party. They could feed on the inevitable frustrations of shortfalls in achievement of party goals while in government, to threaten the present leadership and direction of the party and eventually to produce a radical reorientation. Such a reorientation would produce a strong rightist counter-reaction and would revive military coup ideas.

But the PSOE leadership appears well aware of these dangers. Both because of them, and because of electoral self-interest (elections, after all, best reflect the will of Spain), it has charted a moderate course and promises to continue it. Moreover, Spain's principal problems of governance—regionalism, terrorism, and the economy—while difficult, have all been managed quite well thus far in the transition and are susceptible to a reasonable degree of success in the current four-year PSOE tenure. That does not mean that success will come easily, or be either automatic or absolute. It will require a greater effort than thus far is assured, particularly with regard to the economy.

2)—Will Spain become a vital part of Europe, politically, economically and militarily, or will it move to a neutralist, third-world position?

Spain has the latent strength to become a European leader if it has the will to do so. Moreover, the strength of the democratic ideal that has guided its actions over the past seven years ill fits it for preferential associations with the Cubas, Libyas, Soviet Unions, and even Yugoslavias of this world, or for fence-sitting on fundamental issues of liberty. Yet some within the PSOE seem more comfortable with neutralism and third-worldism than with definitive association with Western Europe politically and militarily. And assumption of Spain's potential leadership role in Europe will also require short-term economic and social sacrifices.

3)—How well will the PSOE Government manage the Spanish economy in a difficult period?

According to this paper's analysis, the prolonged period of economic growth and accompanying social progress of the 1960s and early 1970s brought about a fundamental change in Spanish society and was thus a principal contributor to the initial success of the Spanish democratic transition. This growth and progress produced a powerful third Spain in the economic and political center between the traditional two Spains at the extremes.

It follows that continuance of Spain basically in the political center, and thus the definitive consolidation of Spanish democracy, will depend on success over time of the present economic model so that the new center does not wither away. Moreover, success of Spain in Europe will depend on Spain's being competitive economically in Europe.

(It is recognized that difficult negotiations remain before Spain can overcome reluctance, particularly on the part of

France, over its entry into the European Economic Community. However, the belief is that Spain can overcome the resistance and achieve membership in the EEC within the next few years if it is sufficiently determined to do so.)

The economic program outlined thus far by Miguel Boyer, as the responsible economic minister for the PSOE government, is mildly, but not totally, reassuring. It calls for monetary and wage restraint, and a reduction of inflation in 1983 from 14 to 12 percent. In addition, the devaluation of the peseta and increases of certain prices immediately after the change of administration were necessary and healthy actions. Moreover, there are signs of recovery in the U.S. economy that should have a positive effect on the rest of the world, including Spain, by 1984.

It is not clear, however, that the PSOE government is prepared to exercise sufficient restraint regarding either fiscal or wage policy to provide a firm basis for strong recovery of the Spanish economy or future competitiveness within Europe. Nor is it apparent that Spanish industry and banking yet understand the management disciplines they will need to adopt to be competitive in Europe and in the rest of the world.

Therefore, it is also not clear that the future of Spanish democracy or Spain's role in Europe will be as favored by good economic policies and direction as they could be. A simple, but basic, point is that a 12% rate of inflation would still be considerably above the Western European average. This is not to say that the PSOE Government can, or should, move as drastically as some would recommend to bring inflation immediately to the level of the rest of Europe. The state of Spanish economy as a whole is probably too fragile for this to be a prudent course. Recent developments in the banking and business world are indicators of that fragility. It is to say, instead, that a clear objective of the present Spanish Government should be to bring Spain at least to inflation parity with the rest of Europe in its current incumbency if Spain is to be successful and competitive economically.

There is an important corollary to this point with regard to Spanish foreign policy elsewhere. It is that the success of Spain's foreign policy in other parts of the world—not only in Europe—will also depend to a considerable degree on how well it manages it economy. Spain has a special interest and potential, for instance, in relations with Latin America. The PSOE would like to realize Spain's potential as a democratic example for the Latin American, and also even, perhaps, as an alternative center of influence for some Latin American countries to the United States or the Soviet Union. But to realize this potential the Spanish example must be strong and healthy. That again will require short- to medium-term economic and social sacrifices.

4)—Will a viable center-right political alternative reappear in time for the next national elections after the splintering of the UCD?

The UCD has all but disappeared. The Fraga-led AP is now the principal opposition to the PSOE. Fraga, although personally authoritarian, is more politically democratic than many credit him as being. After all, it is he who as Minister of Information liberalized the press law under Franco. And it is also he who helped force the pace of formation of "political associations" in the last years of Franco's life. But the left needs to come to accept the AP as a valid democratic alternative, just as the right as a whole has come, at least tentatively and for the present, to accept the socialist left as on balance moderate and democratic. On the road to achievement of this end, however, the AP needs broadening and strengthening by association with others of the center less tainted with the past. It is likely, though not certain, that it will continue in the period leading up to the next national elections under the discipline of the electoral system and the will of the people as revealed by opinion polls and other indicators. Thus by the time of those elections, or at least in the period that follows, there should be a center-right alternative, coherent, popular and well organized enough to be competitive with the PSOE. Patience by the Spanish people, good organizational efforts and moderation by the center-right, and responsible government by the PSOE are what is required, in addition to sound economic policies, for polarization to be avoided and for this to occur.

5)—Will destabilizing surprises be avoided?

In this still somewhat fragile period of the Spanish democratic transition, two possible such surprises come to mind: a Moroccan aggressive initiative against Ceuta or Melilla, or significant debilitation of the King for whatever reason. Neither now seems likely. Morocco still has problems in the Sahara and Spain's diplomacy is well positioned to capitalize on this fact. The King's prestige and dedication to Spanish democracy are high. He is on his way to full recovery from his recent skiing accident. But nations do not always act in accordance with others' perspectives of their best interests, and the King's skiing misadventure was a reminder that he is human and that, simply put, accidents can happen. □

Armand Starace Dies, Husband of Gloria Barbazan

Armand Starace, husband of former Chamber Director and Officer Gloria Barbazan, died on May 9th at the age of 60. Mr. Starace, a lawyer, served as leader of the 50th Republic Assembly district in the Bay Ridge section of Brooklyn for almost 25 years; he also held a number of governmental posts including those of counsel to the State Boxing Commission, Chief Appraiser for the State Tax Commission, and Clerk of the Surrogate's Court.

After serving in Europe in World War II, Mr. Starace earned a bachelor's degree from Fordham and a law degree from New York University Law School. As a young lawyer he helped to set up the Young Republican Club of Bay Ridge. In an editorial in the Home Reporter and Sunset News, he was characterized as "a political dynamo and a warm and honest human being...Mr. Starace's political savvy was almost legendary...Legions of Republican office-holders owe their beginnings to Armand Starace's astuteness."

Major Fairs & Exhibitions in Spain, June-Dec. 1983

INCLUDING CITY, DATE, TITLE OF FAIR, AND ADDRESS OF SPONSOR

JUNE, INTERNATIONAL

Barcelona, June 2-10: **International Samples Fair of Barcelona;** Avenida de María Cristina, s/n; Barcelona.

JUNE, NATIONAL

Valencia, June 4-7: **Mundo Belleza-83 (Cosmetic, Perfume, Hair Products and Drug Show);** Apartado 476, Valencia.

AUGUST, NATIONAL

Gijon, August 6-21: **National Samples Fair of Asturias;** Instituto, 17; Gijon.

SEPTEMBER, INTERNATIONAL

Valencia, Sept. 15-18: **Fimim-83 (International Infants' and Children's Clothing Fair—Second Edition);** Apartado 476, Valencia.

Elda, second two weeks of September: **FICC (International Shoe Fair, Second Edition);** Apartado 104, Elda (Alicante).

Barcelona, Sept. 26-Oct. 2: **Sonimag-21 (International Picture, Sound and Electronics Fair);** Avda. de María Cristina, s/n, Barcelona.

Valencia, Sept. 28-Oct. 2: **Iberflora-83 (International Horticultural Show);** Apartado 13, Valencia.

Madrid, Sept. 30-Oct. 2: **Imagen Moda (Women's Outerwear Show—2nd Edition);** Recinto Ferial de la Casa de Campo; Avenida Portugal, s/n; Madrid.

SEPTEMBER, NATIONAL

Barcelona, Sept. 11-14: **Promoregalo-83 (Promotional Gift Show);** Avda. de María Cristina, s/n, Barcelona.

Valladolid, Sept. 13-25: **National Samples Fair of Castilla and León;** Apartado 423, Valladolid.

Lerida, Sept. 17-25: **National Agricultural and Fruit Fair of San Miguel;** Apartado 106, Lerida.

Madrid, Sept. 18-20: **National Sporting Goods Fair;** Recinto Ferial de la Casa de Campo, Avda. Portugal, s/n, Madrid.

Barcelona, Sept. 24-29: **Expohogar-83 (National Home Show);** Avda. de María Cristina, s/n, Barcelona.

Barcelona, Sept. 26-Oct. 2: **Expodomestica-83 (National Household Appliances Show);** Avda. de María Cristina, s/n, Barcelona.

OCTOBER, INTERNATIONAL

Madrid, Oct. 2-4: **Intermoda (International Fashion Show—Second Edition);** Recinto Ferial de la Casa de Campo; Avda. Portugal, s/n; Madrid.

Bilbao, Oct. 3-9: **Trasmet-83 (Metallurgical Show);** Apartado 468, Bilbao.

Bilbao, Oct. 3-9: **Subcontracción-83 (Sub-Contracting Fair);** Apartado 468, Bilbao.

Bilbao, Oct. 3-9: **Siderometalurgica-83 (Siderometallurgical Industry Fair);** Apartado 468, Bilbao.

Bilbao, Oct. 3-9: **Sinaval-83 (International Maritime and Shipbuilding Exhibition);** Apartado 468, Bilbao.

Barcelona, second two weeks in October: **Fashion and Apparel Exhibition (Second Edition);** Avda. de María Cristina, s/n, Barcelona.

Barcelona, second two weeks in October: **Modapunto-83 (National Knitwear Exhibition - Second Edition);** Avda. de María Cristina, s/n; Barcelona.

Madrid, Oct. 14-20: **International Book Fair;** Recinto Ferial de la Casa de Campo; Avda. Portugal, s/n; Madrid.

Valencia, Oct. 17-23: **FIM-83 (International Furniture Fair);** Apartado 476, Valencia.

Madrid, Oct. 21-27: **Instrumentalia-Expomedica (Scientific, Medical and Technical Instruments Fair);** Recinto Ferial de la Casa de Campo; Avda. Portugal, s/n; Madrid.

Barcelona, Oct. 24-30: **Hostelco-83 (Exhibition of Restoration Equipment);** Avda. de María Cristina, s/n; Barcelona.

OCTOBER, NATIONAL

Mahon, Oct. 1-7: **Sebime (National Costume Jewelry Fair—Second Edition);** Polígono Industrial, Apartado 353, Mahon (Menorca).

Madrid, Oct. 5-9: **Publicity and Marketing Show;** Recinto Ferial de la Casa de Campo; Avda. Portugal, s/n; Madrid.

Zaragoza, Oct. 6-16: **FOMN (Official National Samples Fair);** Apartado 108, Zaragoza.

Valladolid, Oct. 13-17: **Bici-Moto (Bicycle, Motorcycle and Accessories Show);** Apartado 423; Valladolid.

Barcelona, second two weeks in October: **Feminine Ready-to-Wear Show;** Avda. de María Cristina, s/n; Barcelona.

Barcelona, Oct. 22-25: **Sporting and Camping Show;** Avda. de María Cristina, s/n; Barcelona.

Torrelavega (Santander), Oct. 28-Nov. 2: **Expolactea (Dairy Show);** Avda. Fernando Arce, 6; Nueva Ciudad; Torrelavega (Santander).

NOVEMBER, INTERNATIONAL

Las Palmas, Nov. 5-13: **International Fair of the Canary Islands;** Apartado 50; Las Palmas de Gran Canaria.

Elda, second two weeks in November: **Modatec (International Footwear-related Industries Fair—Second Edition);** Apartado 104; Elda (Alicante).

Barcelona, Nov. 15-18; **Expoviga-83 (Poultry and Livestock Techniques Fair);** Avda. de María Cristina, s/n; Barcelona.

Valencia, Nov. 16-20: **Fimma-Maderalia-83 (International Woodworking Machinery Fair);** Apartado 476, Valencia.

Madrid, Nov. 18-25: **Simo (International Office and Data Processing Equipment Exhibition);** Recinto Ferial de la Casa de Campo; Avda. Portugal, s/n; Madrid.

NOVEMBER, NATIONAL

Bilbao, Nov. 2-6: **Expoquimia-83 (Applied Chemistry Show);** Apartado 468; Bilbao.

Madrid, Nov. 2-6: **Turinver (National Tourism, Mountaineering and Winter Fair);** Recinto Ferial de la Casa de Campo; Avda. Portugal, s/n; Madrid.

Madrid, Nov. 3-7: **Iberpiel (National Leather and Luggage Show—Second Edition);** Velázquez, 4; Madrid.

Madrid, Nov. 9-13: **Iberdidac (Didactic Material and Equipment Show);** Recinto Ferial de la Casa de Campo; Avda. de Portugal, s/n; Madrid.

DECEMBER, NATIONAL

Madrid, Dec. 6-11: **Iberdisco (Recording Industry Show);** Recinto Ferial de la Casa de Campo; Avda. Portugal, s/n; Madrid.

FROM THE SPANISH NATIONAL TOURIST OFFICE

How to Visit a Spanish Winery

If you are among the increasing number of wine enthusiasts, by all means visit a Spanish *bodega* — but it's a good idea to get advance permission.

By CHARLES OCHELTREE

FOX
NAPOLEON

Some distinguished names appear among the "personality kegs."

AS AMERICANS have taken an increasing interest in the fruits of the vine, the fascination with the whos, whats, wheres and whys of the wine industry has grown by leaps and bounds. It's no small wonder, then, that Spain, with its abundance of wineries in the numerous wine-producing regions like the Penedes, Rioja, Ribeiro and Jerez de la Frontera areas, has witnessed a sharp increase in the number of American tourists who stop in for a smattering of education and a sampling of the goodies.

There are a few ground rules to keep in mind when considering such visits. Many wineries now require advance permission, so be sure either to write ahead requesting a tour or have a hotel concierge arrange one prior to your arrival at a *bodega*. There are so many bodegas that you should not be daunted if one refuses — just try another. Also, be prompt; if you have arranged a tour for a particular hour, arrive on time.

Two areas are most receptive to visitors: the Penedes region, just south of Barcelona, and the area around Jerez de la Frontera, home of Sherry wines. In the Penedes, the best town for winery visits is San Sadurni de Noya, where much of the world's production of sparkling wines (i.e. champagne) takes place. The Freixenet winery, 40 kilometers south of Barcelona, just off exit 7 of Highway N-II, still conducts morning tours at regular intervals. Advance permission is not required.

Also in San Sadurni is the massive winery of Codorníu, the main building of which has been declared a National Monument by the government. It was designed by José María Puig i Cadalfach in the 19th century and is a remarkable example of Spanish "Modernism" architecture. Tours through the cavernous cellars are operated from 9 a.m. to 1:30 p.m. and 3 p.m. to 7 p.m.

For an in-depth view of the history of the wine industry of the region, stop off at the Museo del Vino (Wine Museum) in Vilafranca del Penedes, a few miles south of San Sadurni. Housed in an old palace of the kings of Catalonia and Aragon, the museum is an excellent introduction to wine making. The Museo del Vino is open from 10 a.m. to 2 p.m. and 4 p.m. to 7 p.m.

In Andalucía, the mecca is Jerez de la Frontera, ninety miles southwest of Seville. This ancient city was for centuries virtually the only place in the world sherry was produced. In fact, according to experts, the only true sherries come from Jerez. It all has to do with the unique chalky composition of the soil.

A tour of the Williams and Humbert bodega, open from 9 a.m. to 1 p.m. except Sundays and holidays, is a good opportunity to see sherry being served with an *escanciador*, in the traditional fashion. Have a hotel concierge reserve a tour in advance.

Close by, in the bodegas of the Domecq family, the half hour tour includes a visit to the large warehouse of "personality kegs," barrels from which famous guests have been served which are then sealed, autographed by the famous person, and stored for posterity. Visits are allowed in the mornings by advance arrangement.

For more information about wineries in any area of the country contact the local Spanish National Tourist Office. They can tell you which wineries allow visits and what requirements there are, if any. □

Prepared by J. & A. GARRIGUES, NEW YORK OFFICE

Current Legislation in Spain

A SUMMARY OF LEGISLATION PUBLISHED BETWEEN MARCH 1, 1983 AND APRIL 30, 1983

(NOTE: "Official State Gazette" is abbreviated "OSG")

GENERAL

1. Cortes Generales. Regulating the organization and functioning of the Office of the Defender of the People, approved by the Presidencies of the Congress and the Senate at a joint assembly held on April 6, 1983. (OSG April 18, 1983).

This Regulation encompasses nine sections, one additional provisional and one final provision. The Defender of the People shall enjoy inviolability for opinions expressed and acts realized while in office and he shall not be bound by a compulsory mandate.

His areas of competence are established on the organic law of the Defender of the People, but he is also entitled to maintain a direct relationship with all the State and Autonomous Communities authorities and to organize his own office.

He will be assisted by two Assistants, a Coordination Board, and a Technical Board. The Assistants can execute the same functions when commissioned.

Section VI of the Regulations provides general rules on presentation, procedure and investigation of the Appeals. The presentation of an Appeal before the Defender of the People will not interrupt, in any case, the established terms of the different statutes of limitation. Only the Defender, the Assistants, and the General Secretary of his office, will receive documents officially considered as secret or reserved.

ADMINISTRATIVE

1. Office of the Head of State. Organic Law 2 of Feb. 25, 1983 approving the Statute of Autonomy for the Balearic Islands (OSG Mar. 1, 1983).

The present Organic Law, as well as Organic Laws 3/83 and 4/83 (see numbers 2 and 4) provide the organization of three different autonomous communities, those of the Balearic Islands, Madrid and Castilla-León.

The territory of the Balearic Islands encompasses that of the islands of Mallorca, Menorca, Ibiza, Formentera, Cabrera and other close minor islands. The official capital is the city of Palma de Mallorca.

The territory of Madrid exclusively encompasses that of the province of Madrid.

The territory of Castilla-León encompasses that of the provinces of Avila, Burgos, León, Palencia, Salamanca, Soria, Valladolid and Zamora.

The characteristics of these three statutes are very similar. All of them establish the general organization of the communities, their representative and governmental institutions, the competence of each autonomous community, and the procedure to amend the statute.

The competence will be extended after five years, in accordance with Article 142 of the Constitution, to all of those not expressly established in favor of the State.

After these statutes, and the special provision of the Organic Law 5/83 (see number 5), in reference to the incorporation of the province of Segovia to the Autonomous Community of Castilla-León, in accordance with Article 144 of the Constitution, the new political structure of Spain is fully constructed.

2. Office of the Head of State. Organic Law 3 of Feb. 25, 1983, approving the Statute of Autonomy for the Community of Madrid. (OSG Mar. 1, 1983).

3. Office of the Head of State. Royal Decree 4109 of Dec. 29, 1982 concerning transfer of functions and services from the State to the Autonomous Community of Andalucía on matters of international fairs, domestic trade and Chambers of Commerce, Industry and Shipping. (OSG Mar. 1, 1983).

4. Office of the Head of State. Organic Law 4 of Feb. 25, 1983, approving the Statute of Autonomy of Castille-León. (OSG Mar. 2, 1983).

5. Office of the Head of State. Organic Law 5 of Mar. 1, 1983 concerning the application of Article 144.c) of the Constitution of the Province of Segovia. (OSG Mar. 2, 1983).

6. Office of the Head of State. Organic Law 6 of Mar. 2, 1983 modifying certain articles of Law 39/78 of July 17, 1978 on Local Elections. (OSG Mar. 3, 1983).

7. Ministry of Justice. Royal Decree 437 of Feb. 9, 1983 regulating the organization and functioning of the Public Prosecutor office (Consejo Fiscal). OSG Mar. 7, 1983.

8. Presidency of the Government. Royal Decree 448 of Mar. 9, 1983 calling for local elections. (OSG Mar. 10, 1983).

This Royal Decree is followed by other royal decrees, decrees and local rules calling for elections of the various assemblies of the autonomous communities and city councils to be held on May 8th.

9. Presidency of the Government. Royal Decree 488 of March 9, 1983 providing complementary rules on local and autonomous assemblies elections. (OSG Mar. 12, 1983).

10. Office of the Head of State. Law 1/83 of April 5, 1983 changing the name of the Province of Oviedo into the Province of Asturias. (OSG April 7, 1983).

11. Ministry of Transportation, Tourism and Communications. Order of April 7, 1983 regulating the registration and use of ultralight structure airplanes and modifying the registration of non-commercial aircraft. (OSG April 9, 1983).

12. Ministry of Interior. Royal Decree 739/83 of Mar. 9, 1983 modifying several provisions of the firearms regulations of July 24, 1981. (OSG April 14, 1983).

13. Ministry of Interior. Royal Decree 738/83 of Feb. 23, 1983 modifying Royal Decree 629/78 of Mar. 10, 1978 on Security Sworn Guards. (OSG April 14, 1983).

INTERNATIONAL

1. Office of the Head of State. Instrument of Ratification of June 7, 1982 on the Agreement on distant transborder atmospheric pollution. Executed in Geneva on Nov. 13, 1979. (OSG Mar. 10, 1983).

2. Ministry of Foreign Affairs. Additional protocol of May 7, 1981 to the Agreement for the suppression of passports between the Government of Spain and the Government of the Republic of Portugal, executed in Madrid (OSG Mar. 19, 1983).

3. Office of the Head of State. Instrument of Ratification of Jan. 26, 1978 of cultural agreement between the Kingdom of Spain and the Republic of Gabón executed in Madrid on Nov. 9, 1977 (OSG Mar. 25, 1983).

4. Ministry of Foreign Affairs. Agreement of July 12, 1982 on Technical Cooperation in matters of agriculture and fishing between the Governments of Spain and of the Republic of Tunisia, executed in Madrid. (OSG Mar. 30, 1983).

5. Ministry of Foreign Affairs. Royal Decree 756/83 of Mar. 30, 1983 suppressing the Spanish Embassy before the International Organization of Labor sitting in Geneva. (OSG April 15, 1983).

6. Office of the Head of State. Instrument of Ratification of Sept. 16, 1982 of the Agreement of Mutual Administrative Assistance between the Kingdom of Spain and the Republic of Italy on prevention and repression of customs violations, executed in Madrid on Dec. 1, 1982. (OSG April 16, 1983).

FISCAL

1.Ministry of Economy and Finance. Royal Decree 402 of Feb. 2, 1983 specifying the General Tariff of the Personal Income Tax for taxpayers filing the simplified return. (OSG Mar. 4, 1983).

2. Ministry of Economy and Finance. Order of Feb. 24, 1983 on anticipated filing of budgetary expense applications. (OSG Mar. 17, 1983).

3. Ministry of Economy and Finance. Order of Mar. 11, 1983 complementing the order of Feb. 9, 1983 regulating the obligation, forms and terms of the filing of the returns of the individual income tax and extraordinary net worth tax for the fiscal year 1982. (OSG Mar. 19, 1983).

4. Ministry of Economy and Finance. Order of Mar. 25, 1983 regulating the tax rates for the Fiscal License of Professional Activities of Insurance Agents (OSG April 12, 1983).

5. Ministry of Economy and Finance. Order of Feb. 28, 1983 approving the return forms of the Corporation Income Tax for the 1982 fiscal year. (OSG April 12, 1983).

6. Ministry of Economy and Finance. Resolution of Feb. 28, 1983 of the General Directorate of Taxation on instructions for the filing of the returns and self-liquidation system of the Corporation Income Tax. (OSG April 12, 1983).

7. Ministry of Economy and Finance. Order of Mar. 22, 1983 on accounting of rate of exchange variations on foreign currency operations. (OSG April 13, 1983).

COMMERCIAL

1. Office of the Head of State. Correction of errors in the Royal Decree Law 2 of Feb. 23, 1983 on expropriation for reasons of public utility and social interest of banks and other companies making up the holding "RUMASA." (OSG Mar. 1, 1983).

2. Ministry of Foreign Affairs. Exchange of Letters of Dec. 31, 1982 providing a six-month extension, from Jan. 1, 1983, to the Protocol of Transitory Agreement, concerning matters of fishing, executed on April 1, 1983, and to the Exchange of Letters, executed on Mar. 31, 1982, between the Governments of Spain and of the Kingdom of Morocco. (OSG Mar. 4, 1983).

3. Cortes Generales. Resolution of Mar. 3, 1983 of the Congress of Deputies providing the publication of the ratification act of Royal Decree Law 2/83 of Feb. 23, 1983 on expropriation of the holding "RUMASA." (OSG Mar. 12, 1983).

4. Presidency of the Government. Order of Mar. 24, 1983 developing the authorization granted by the Council of Ministers on the raising of prices of pharmaceutical specialties. (OSG Mar. 25, 1983).

The average authorized increase in prices is 8% of the current authorized levels.

5. Ministry of Economy and Commerce. Resolution of Mar. 16, 1983 of the General Directorate of Exportation modifying the list of merchandises which do not require license of exportation. (OSG Mar. 25, 1983).

This resolution provides for the exclusion from the list of items which require export licenses of various products, among them those mentioned in chapter 71 of the Customs List ('Jewelry and Costume Jewelry').

6. Ministry of Economy and Commerce. Resolution of Mar. 14, 1983 of the General Directorate of Exportation on "global exportation regime." (OSG Mar. 25, 1983).

In accordance with Royal Decree 2426/79 of Sept. 14, 1979 on simplification of the exportation procedure, the present resolution allows the exportation by means of a "global export license" of items mentioned in the Appendix of the resolution. Payment procedures shall be in accordance with the requirements established.

7. Ministry of Industry and Energy. Order of Mar. 25, 1983 providing the system of evaluation of grants for the shipbuilding industry for the year 1983. (OSG Mar. 28, 1983).

8. Presidency of the Government. Royal Decree 664 of Mar. 2, 1983 approving the Sanitary Regulations for the producing, storing, transportation and marketing of coffee. (OSG Mar. 30, 1983).

9. Presidency of the Government. Royal Decree 665 of Mar. 2, 1983 modifying Articles 8 and 9 of Royal Decree 644 of Mar. 29, 1983 establishing the regulations on producing, transporting and marketing of Scotch and whisky. (OSG Mar. 30, 1983).

10. Presidency of the Government. Royal Decree 667 of Mar. 2, 1983 aproving the Sanitary Regulations on producing and selling of fruit juices and other vegetable juices. (OSG Mar. 31, 1983).

11. Presidency of the Government. Royal Decree 670 of Mar. 2, 1983 approving the Sanitary Regulation on producing, shipping and marketing of ice creams. (OSG April 1, 1983).

12. Royal Decree 736 of Mar. 30, 1983 complementing Royal Decree 643/82 of Feb. 26, 1982 on the reconversion of the shipbuilding sector. (OSG April 14, 1983).

13. Presidency of the Government. Royal Decree 737 of Mar. 30, 1983 partially modifying the provisions contained in Royal Decree 1545/82 of July 9, 1982 on credits and grants to companies included in reconversion plans. (OSG April 14, 1983).

The guarantees granted by the State to the companies included on reconversion plans can be applied not only to cover the principal of the loans received by these companies, but also to cover the interests, commissions and fees of the loans up to half the amount of the principal.

14. Ministry of Economy and Finance. Order of April 13, 1983 on remunerated compulsory deposits of Banks and Savings Banks (Cajas de Ahorro) at the Bank of Spain. (OSG April 14, 1983).

The Bank of Spain is authorized to increase up to 4% of the total established debts of each Bank, the earning interest amount shall be deposited at the Bank of Spain by each Bank or Savings Bank. However, the non-remunerative compulsory deposit of 7% of the established debts is reduced to 6%.

LABOR

1. Ministry of Labor and Social Security. Order of Feb. 19, 1983 establishing the tax rate and the tax bases of the Social Security Tax, Unemployment Tax, Wages Guaranty Fund, and Professional Education Taxes for 1982 for part-time workers. (OSG Mar. 4, 1983).

2. Ministry of Labor and Social Security. Order of Feb. 19, 1983 establishing the bases of payments to the Special System of Social Security Tax for the self-employed or autonomous workers, commerce representatives, book authors and home employees (OSG Mar. 4, 1983).

3. Ministry of Labor and Social Security. Royal Decree 666 of Mar. 25, 1983 providing the regulatory system of payment in installments on amounts due to the Social Security, Unemployment, Wages Guaranty Fund, and Professional Education. (OSG Mar. 30, 1983).

Payments due to the State for taxes mentioned can be paid in installments in accordance with the provisions established. The installments will accrue interest at the basic rate applied by the Bank of Spain (currently 8%).

4. Ministry of Labor and Social Security. Order of Mar. 17, 1983 developing several portions of Royal Decree 93/83 of Jan. 19, 1983 on pension increases. (OSG April 2, 1983).

5. Ministry of Labor and Social Security. Order of April 18, 1983 developing Royal Decree 666 of Mar. 25, 1983 on installments or Social Security payments due. (OSG April 12, 1983).

The taxpayers with debts to the Social Security Tax, Unemployment Tax, Wages Guaranty Fund, and Professional Education Tax interested in applying for the installment system provided in Royal Decree 666/83 (see No. 3) shall submit their applications to the General Treasury of the Social Security before May 31, 1983.

The present order establishes the documentation required and the procedure to determine the amount and terms of the installments.

6. Office of the Head of State. Royal Decree Law 8/83 of April 20 on provisional increases of public employees' wages. (OSG April 23, 1983).

FOREIGN INVESTMENT

1. Ministry of Economy and Finance. Resolution of Feb. 28, 1983 of the General Directorate of Foreign Transactions providing for the publication of the third list of companies with foreign participation in their capital. (OSG March 15, 1983).

2. Ministry of Economy and Commerce. Royal Decree 677 of March 25, 1983 modifying the required minimum capital of bank subsidiaries and branches of foreign banks within Spain. (OSG April 5, 1983).

Royal Decree 1388 of June 23, 1978, regulating the presence of foreign banks in Spain, required a fully paid up capital of not less than 750 million pesetas. However, the recent reduction in the value of the peseta in relation to other foreign currencies has made advisable the increasing of the minimum capital required in order to maintain its effectiveness.

Thus, in accordance with this Royal Decree the subsidiaries of foreign banks authorized to operate in Spain, as from the effective date of the Royal Decree, must maintain a fully paid up capital of not less than two billion pesetas. The branches of foreign banks authorized to be incorporated, as from the effective date of this Royal Decree, must maintain at all times an allocation of capital of not less than two billion pesetas, of which 50% must be fully paid up in cash at the time of their incorportion, by means of the conversion of foreign currency in convertible pesetas. The remaining 50% will be fully paid up within one year from the date of the inscription on the Registry of Banks and Bankers.

Foreign banks whose applications for authorization are still pending must modify their applications within one month in order to adapt them to the requirements provided in this Royal Decree.

CONSTITUTIONAL TRIBUNAL

1.Constitutional Tribunal. Appeal on constitutional grounds number 80/83 against Base XVI, paragraph 9 of the Law of November 25, 1944 on Sanitary matters. (OSG Mar. 8, 1983).

2. Constitutional Tribunal. Appeal on constitutional grounds number 101/82 lodged by Mr. José María Ruíz Gallardón and 54 other deputies against different provisions of Royal Decree-Law 22/82 of Dec. 7, 1982 on local elections. (OSG Mar. 12, 1983).

3. Constitutional Tribunal. Appeal on constitutional grounds number 116/83 lodged by Mr. José María Gallardón and 54 other deputies against Royal Decree-Law 2/83 of Feb. 23, 1983 on expropriation of the Holding "RUMASA." (OSG Mar. 12, 1983).

CRIMINAL LAW

1. Ministry of Economy and Finance. Royal Decree 971 of Feb. 16, 1983 developing Title 2 of Organic Law 7/82 of July 13 on smuggling administrative violations. (OSG April 23, 1983).

(CONTINUED ON PAGE 41)

CRIMINAL PROCEDURE LAW

1. Office of the Head of State. Organic Law 7 of April 23, 1983 modifying Articles 503 and 504 of the Criminal Procedure Law. (OSG April 26, 1983).

Temporary imprisonment can be ordered by the Judge only, when the following circumstances concur:

1. The evidenced existence of an act presenting the characteristics of a crime.
2. The crime must be punishable with a jail term of more than 6 years and 1 day or, if punishable with a shorter term but more than 6 months and 1 day, the Judge deems it necessary to temporarily imprison the accused person due to the circumstances of the act and the criminal record of such person, but only until he deposit the required bond.
3. Sufficient motives appear in the case to believe that the person against whom the indictment was issued is criminally liable.

Temporary imprisonment shall also be warranted when the above circumstances 1 and 3 concur and the accused person has not appeared before the Court when first called, without a legitimate cause.

Nevertheless, the Judge has discretion to let the accused free on bail when he has no criminal record and it can be presumed that he will not evade the action of the justice and the crime in the jurisdiction of the Court.

The maximum length of the temporary imprisonment is six months for crimes punishable by no more than six years, and 18 months if that limit is exceeded. When the crime has serious national consequences, affected collective interests, is committed abroad, or the investigation of the case is particularly complicated, the Judge may extend the duration of the imprisonment to 30 months.

OLIVE SHIPPING RATES

(CONTINUED FROM PAGE 28)

ances were increased from 250 to 350 pesetas per pallet, effective June 1, 1983, and container yard charges were increased by $30 per container, effective Oct. 1, 1983, when a substantial increase is expected in New York's guaranteed annual income for stevedores.

Se publica "Noticias de España," resumen de la prensa de España

La dificultad con que nos encontramos todos los interesados en consequir una buena información procedente de España es bien conocida: la prensa se recibe tarde, es cara y está a la venta en muy pocos lugares.

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A pesar de su modesta presentación, con tres hojas tamaño folio escritas a máquina, "Noticias de España" consigue llegar a los temas claves de una forma objetiva, clara y sencilla. Su estructura, siguiendo un orden por secciones, cada cual con sus correspondientes titulares, nos permite ponernos al día de lo que ocurre en España en pocos minutos.

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El objetivo principal de este proyecto es llegar al mayor número posible de lectores dentro de los Estados Unidos. La contribución para cubrir los gastos de edición de estas noticias, sin ningún ánimo lucrativo, es de doce dólares. El que esté interesado en recibir cada quincena en su domicilio "Noticias de España" puede hacerlo escribiendo a: Casa de España, 314 East 39th Street, New York, N.Y. 10016; o bien llamando a los teléfonos (212) 689-4232 y 689-4233.

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FROM THE SPANISH COMMERCIAL OFFICE IN NEW YORK

Spain's Exports to the U.S., Jan.-Mar. 1983

In this tabulation, using statistics from the U.S. Department of Commerce, the first column gives Spain's exports to the U.S. from January 1st through March 31st, 1983, in thousands of dollars. The second column gives the percentage of variation from the same period of 1982. Column 3 indicates the percentage of total exports represented by the group.

	1	2	3
FOOD PRODUCTS	**43,759**	**-23.5**	**13.27**
1. Fish and seafood, except preserved	790	-89.5	
2. Fish and seafood, preserved	2,957	+ 8.6	
3. Marmalades and preserved fruits	5,412	+ 5.3	
4. Vegetables, preserved or prepared, including olives	26,459	-15.2	
5. Sweets with a sugar base which do not contain cocoa	1,182	-39.8	
6. Paprika	3.183	-56.7	
7. Food preparations, unspecified	841	+ 1.9	
BEVERAGES AND TOBACCO	**16,029**	**+ 27.0**	**4.86**
8. Table wines and Sherry	11,669	+ 47.9	
9. Sangría	1,971	-12.8	
10. Brandies and similar	2,269	+ 10.8	
11. Processed tobacco	12	-90.3	
12. Unprocessed tobacco, residues	64	-77.0	
RAW MATERIALS, INEDIBLE, EXCEPT PETROLEUM, AND OTHER VEGETABLE PRODUCTS	**4,704**	**+ 13.7**	**1.43**
13. Fluorspar	—	—	
14. Raw materials of animal origin	191	-44.2	
15. Gums, resins, natural lacquers	1,490	+ 76.1	
16. Flowers, bulbs, foliage etc. for decoration	139	-34.4	
17. Plastic, gypsum, chalk etc.	651	+ 142.0	
18. Other crude vegetable materials	835	-30.8	
PETROLEUM PRODUCTS AND LUBRICANTS	**6,806**	**+ 35.8**	**2.07**
19. Heavy petroleum	17	—	
20. Lubricating oils and greases, hydrocarbons	6,753	+ 35.8	
OILS AND FATS, ANIMAL AND VEGETABLE	**4,037**	**+ 14.4**	**1.22**
21. Olive oil	3,983	+ 13.8	
CHEMICAL PRODUCTS	**24,891**	**+ 44.0**	**7.55**
22. Organic chemical products	9,078	+ 129.0	
23. Inorganic chemical products	6,414	+ 4.8	
24. Essential oils and perfume materials	3,562	+ 16.7	
25. Soaps and detergents	371	-17.0	
MANUFACTURES AND SEMI-MANUFACTURES	**79,807**	**-45.4**	**24.21**
26. Hides, leathers & their manufactures	2,506	-42.7	
27. Tires	2,984	-68.1	
28. Manufactures of wood and cork	1,263	+ 16.4	
29. Articles of paper and cardboard	1.411	-7.2	
30. Thread and yarn	591	-41.7	
31. Sheets, tablecloths, towels etc.	846	+ 104.3	
32. Fabrics of wool	277	-55.1	
33. Lime, cement, and other construction materials, except tiles	5,373	+ 176.8	
34. Tiles	4,589	+ 72.9	
35. Articles of crystal and glass	1,423	+ 39.2	
36. Articles of pottery	3,079	-16.1	
37. Iron and steel in bars, sheets etc.	26,755	-72.1	
38. Nonferrous metals	363	-83.8	
39. Wire, without electrical insulation	2,976	-52.3	
40. Screws, nails, rivets etc. of iron, steel or copper	2,222	-47.8	
41. Hand tools	12,416	+ 384.6	
42. Domestic utensils of common metal	3,339	+ 90.7	
43. Metal manufactures, unspecified	3,077	-0.9	
MACHINERY AND TRANSPORT EQUIPMENT	**58,181**	**-21.2**	**17.65**
44. Non-electrical generators and parts	1,646	+ 28.6	
45. Agricultural machinery and parts	372	-74.9	
46. Office machinery and parts	11,648	-55.8	
47. Metalworking machinery	4,248	-42.6	
48. Textile and leather machinery	1.522	+ 84.5	
49. Industrial machinery	505	-70.3	
50. Machinery and apparatus, unspecified, and parts	4.966	-6.8	
51. Electrical generators, commutators, and parts	1,498	+ 0.1	
52. Domestic electrical appliances/parts	890	+ 96.5	
53. Transport equipment	26,110	+ 12.3	
53a. Parts and accessories for tractors, vehicles and motors	10,547	-35.4	
53b. Motorcycles and parts	63	-78.4	
53c. Aircraft	12,959	+ 172.5	
53d. Supplies for aircraft and spacecraft, unspecified	2,498	+ 85.0	
54. Electrical machinery and apparatus, unspecified	2,268	+ 37.0	
MANUFACTURED CONSUMER PRODUCTS	**86,989**	**+ 0.6**	**26.38**
55. Lamps and parts	1,290	-7.5	
56. Furniture	2,829	-6.0	
57. Luggage and handbags	1,470	-6.9	
58. Textile manufactures	379	-40.4	
59. Leather manufactures and accessories	711	+ 246.8	
60. Knitwear manufactures/accessories	822	+ 11.4	
61. Footwear	59,293	-4.3	
62. Printed matter	3,999	-22.3	
63. Games and sporting goods	2,920	+ 63.2	
64. Arms and parts, except revolvers and pistols	526	-44.7	
65. Objects of art and antiques	3,435	+ 67.2	
66. Jewelry and costume jewelry	2,565	+ 30.9	
67. Other manufactures, unspecified	810	-13.3	
OTHER PRODUCTS, UNCLASSIFIED	**4,488**	**-53.6**	**1.36**
68. Special transactions, unclassified	3,685	-44.4	
69. Arms of war, including revolvers, pistols and ammunition	411	-69.1	
70. Estimated value of imports in lots valued at less than $251	391	+ 2.6	
TOTAL EXPORTS, SPAIN TO U.S.	**329,693**	**-20.5**	

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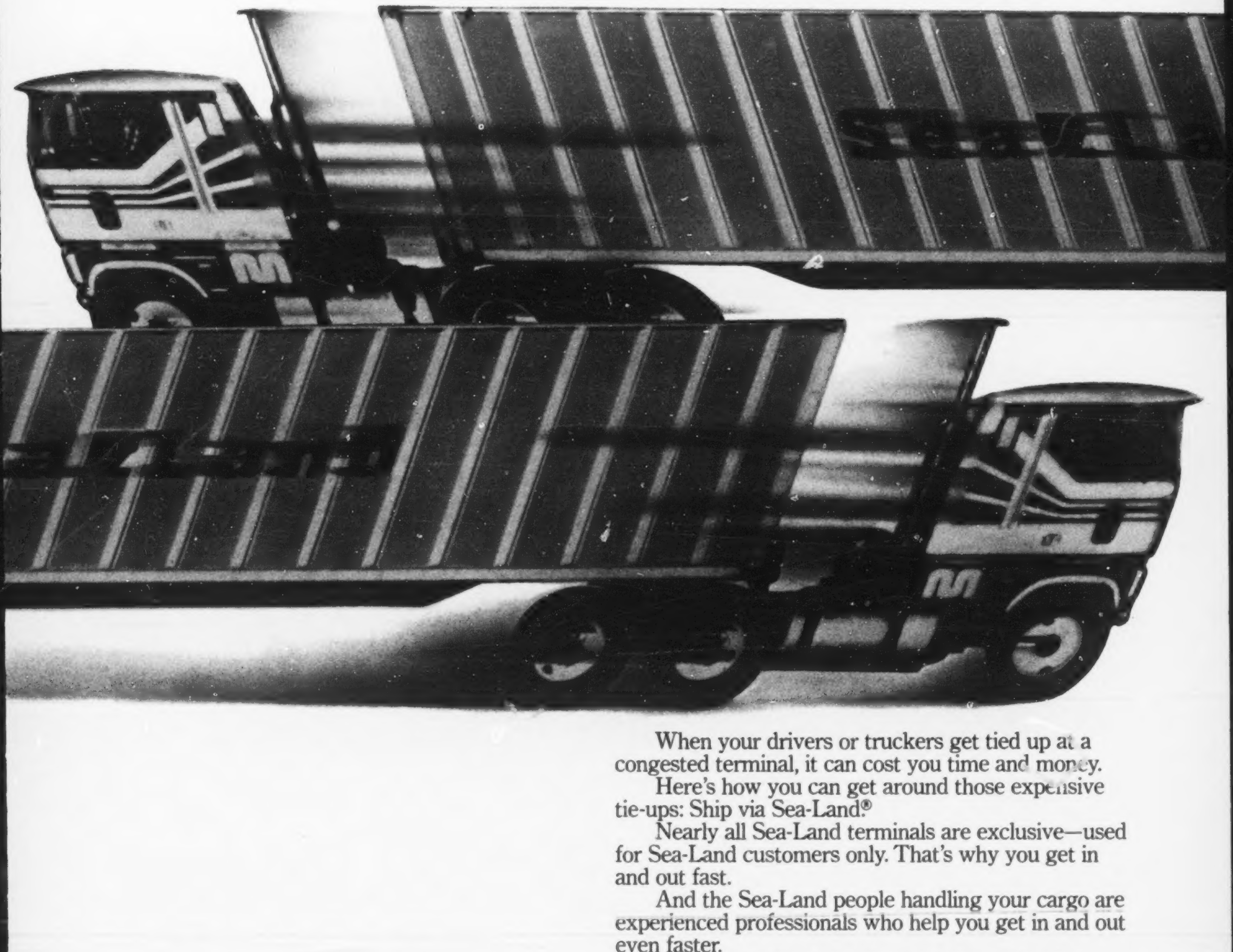

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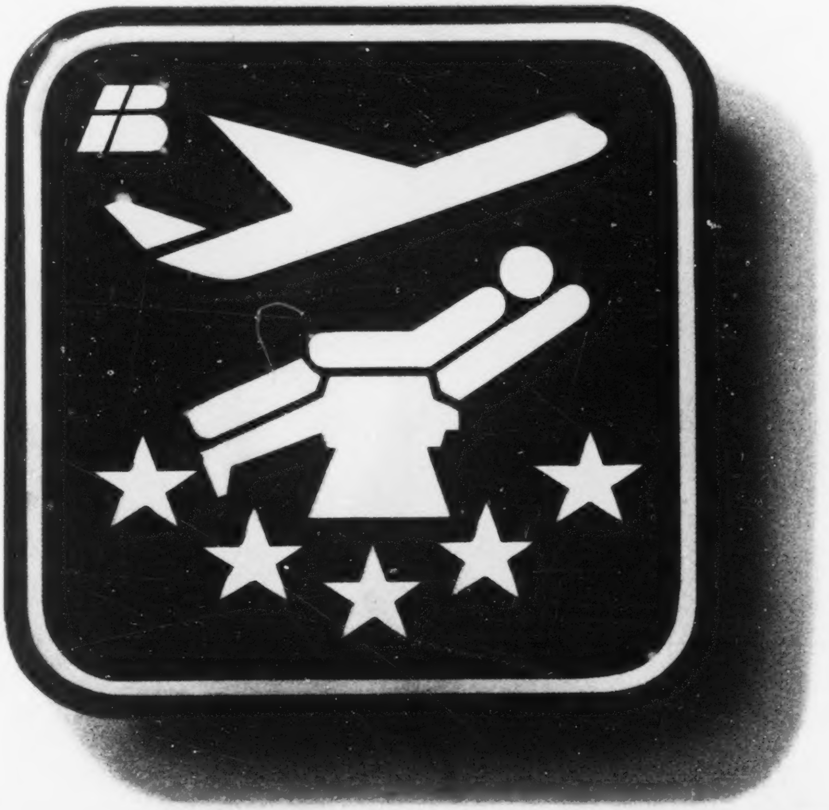

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Waldorf Astoria

H.E. Felipe González (right), President of the Government of Spain, is presented at the June 23rd luncheon in his honor in the Grand Ballroom of the Waldorf Astoria by Chamber President Ricardo Jove. Attendance at the luncheon, which was co-hosted by the Chamber and The Spanish Institute, was over 1,000—a Chamber record. (See address beginning on page 4).

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JULY-AUGUST, 1983 No. 129

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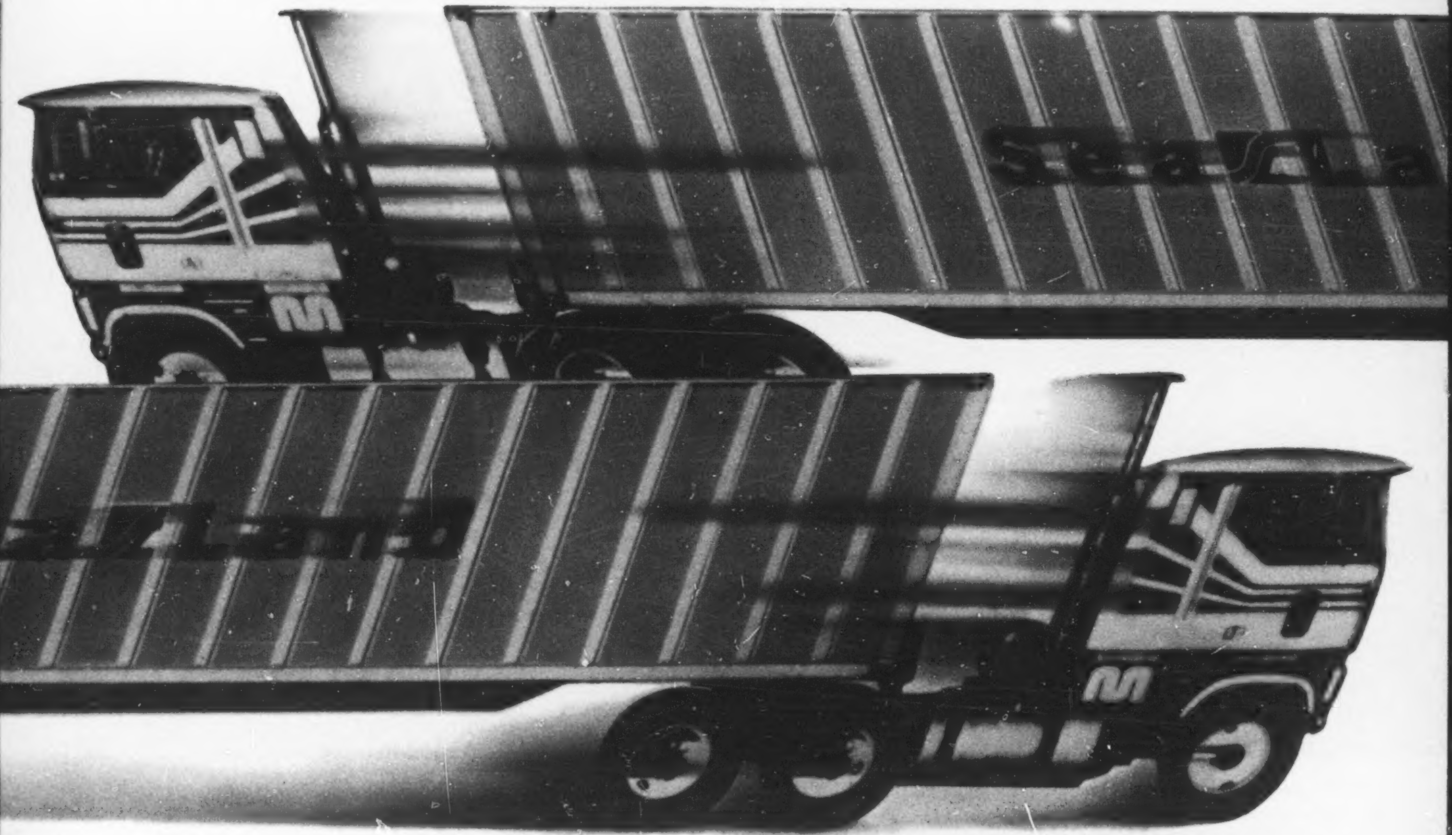

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4. **'Facing Spain's Economic Problems,'** the address of H.E. Felipe González, President of the Government of Spain, to the June 23rd luncheon in his honor at the Waldorf Astoria.

11. **'El comercio entre España y los Estados Unidos en 1982,'** por Antonio Llanos, Consejero Comercial de España.

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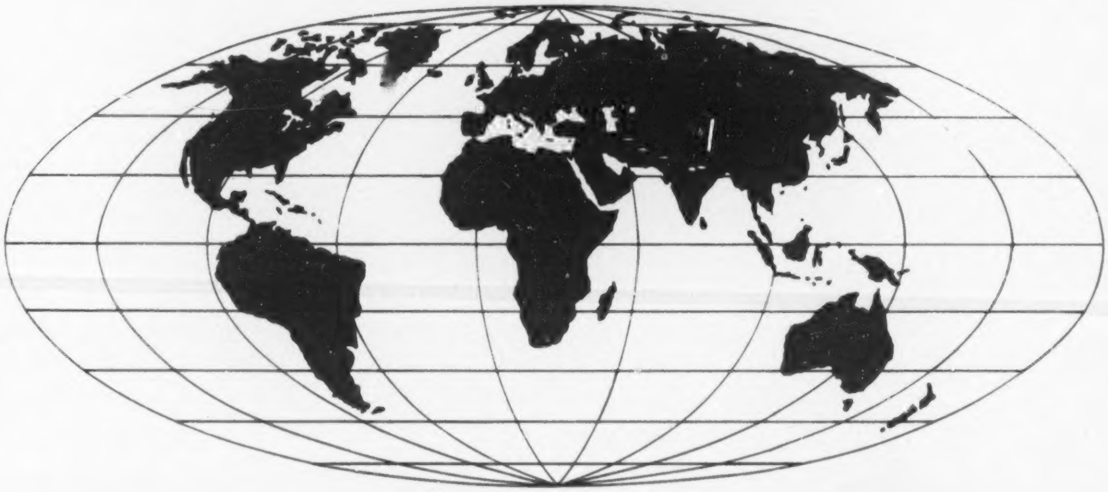
Banco de Santander Group



More than 170 offices overseas

The Banco de Santander is the Spanish company with the largest number of offices overseas.

The Banco de Santander Group has more than 1,000 offices in Spain, as well as a foreign network of more than 170 offices throughout 22 countries in Europe, North America, Central America and South America.

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Banco Central S.A. Gains Listing on New York Stock Exchange

In July, Banco Central, S.A. became the first foreign financial institution to be listed on the "Big Board"—the New York Stock Exchange. The company had filed applications with the Securities and Exchange Commission and the New York Stock Exchange two years ago.

According to Alfonso Escamez, chairman of Banco Central, S.A., as quoted in the *New York Times*, the company had wanted to be listed as "a symbolic gesture to reflect a strategy of increased lending and investment in the United States."

In 1981 Banco Central acquired the United Americas Bank, with six branches in New York. There are also Banco Central branches in Miami and San Francisco.

Banco Central, S.A. has also been expanding its participation in syndicated lending to U.S. corporations, Mr. Escamez told the *Times*, and it also hopes to open more U.S. branches in other states.

Iberia and El Al Airlines Inaugurate Flights Between Spain and Israel

Spain's Iberia Airlines and Israel's El Al Israel Airlines both began regular weekly commercial flights between Spain and Israel during the summer.

Iberia's flights depart from Madrid for Tel Aviv on Wednesday and Friday mornings. On Wednesday the non-stop flight leaves Madrid at 11:20 a.m. and arrives in Tel Aviv at 3:45 p.m.; the return flight leaves for Madrid at 4.45 p.m. and arrives at 9:55 p.m. The Friday flight includes a stop at Barcelona. It departs from Madrid at 11:20 a.m. and from Barcelona at 1:05 p.m., arriving in Tel Aviv at 5:55 p.m. The return flights departs from Tel Aviv at 5:55 p.m., arrives in Barcelona at 10:25 .m., and continues to Madrid at 10:55, arriving at 11:55 p.m.

El Al's flight departs from Tel Aviv every Monday at 9:45 a.m. and arrives at Madrid at 2:50 p.m. On the return flight it leaves Madrid on Monday at 4:40 p.m. and arrives in Tel Aviv at 9:25 p.m.

Spain is already a popular destination for Israelis, and officials of both airlines predict that the new flights will result in more visitors in both directions.

Iberia Airlines Installs New ACD Reservations System

Installations procedures for a new Automatic Call Distributor ("ACD") Reservations System were completed in August by Iberia Airlines. The system, one of the most sophisticated on the market today, assures that incoming calls are answered rapidly and efficiently by evenly distributing the calls among the reservations agents on a first-in, first-serve basis.

Welcome to Fernando R.-Porerro y de Chavarri, Spain's New Consul General in New York

We take great pleasure in welcoming Spain's new Consul General in New York, Fernando R. Porrero y de Chavarri, a veteran of the Spanish diplomatic corps who holds the rank of Ambassador.

Born in 1917, Consul General Porrero y de Chavarri graduated from the Diplomatic School in 1942. Starting as Secretary, third class, he rose steadily to the rank of Minister Plenipotentiary, first class, in 1970 and Ambassador in 1978. In his long and distinguished career he has served in many countries in cities such as Brussels, Lisbon, Athens, Lyon and Paris, as well as in ministry positions in Madrid. He was named Ambassador to Tripoli in 1970 and Director General of Foreign Policy the same year. In 1973 he was appointed Ambassador to Greece and in 1976 he was named Ambassador to Portugal. Most recently, in 1983, he was President of the Foreign Policy Commission of the Superior Council of Foreign Affairs.

He has been decorated repeatedly for his service to Spain, and has also been honored by other countries including Portugal, Greece, Ethiopia, the Federal Republic of Germany, Chile, France, Morocco, Argentina and Belgium. He holds the degree of Doctor of Law and is Auxiliary Professor of International Law at the University of Madrid.

We are indeed fortunate to have a man of such broad experience and impressive credentials as Consul General of Spain in New York. We look forward to working closely with him, and all the support of which the Chamber is capable is at his disposal.

I am particularly gratified to note that the new Consul General himself founded a chamber of commerce when he was in Tripoli, and that he is on record as a firm believer in the importance and usefulness of chambers of commerce in stimulating trade and friendship between nations.

Again, I welcome Consul General Porrero y de Chavarri to New York and on behalf of the Chamber and all its members wish him a pleasant and successful stay here.

RICARDO JOVE
President

By H.E. FELIPE GONZALEZ
President of the Government of Spain

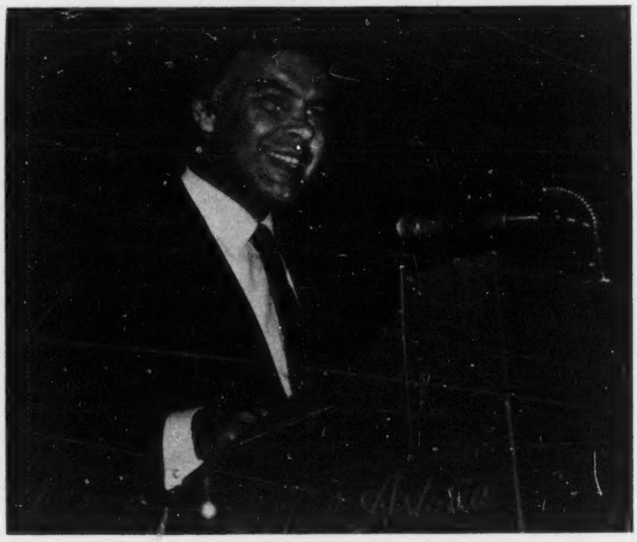
Facing Spain's Economic Problems

"The Government I have headed since December has had to confront an exceptionally difficult and complex situation," Prime Minister González told a June 23rd luncheon hosted jointly by the Chamber and The Spanish Institute at the Waldorf Astoria. His Government, he said, has taken measures previously judged as unpopular which demonstrate its willingness to recognize problems and to attack them at the roots.

IN THE FIRST PLACE, I wish to thank the President of the Chamber of Commerce for his kind words and to express my gratitude above all for the opportunity to present to you the basic lines shaping the reality of Spain, the economic problems confronting us, and the fundamental projects of my Government for the future. And I say that I am especially pleased to speak in this forum, because this Chamber of Commerce represents a bond between the interests of the United States and those of my country—countries between which there have existed intense and long-standing economic and cultural relations.

I want to show you how, in the new Government formed subsequent to the elections held on October 28th of last year, we have been facing up to a series of challenges posed by our internal reality as well as the external reality, and striving to solve problems without falling into exaggerations, carefully, with a sense of balance and from a long-term perspective.

As you know well, the task of government in my country has been extraordinarily complicated since 1975, with two basic problems hindering the setting up of an effective economic policy:



- On the one hand, Spain's economy, on account of its tremendous vulnerability due to its dependence on outside energy sources, has been seriously affected by the first oil crisis in 1973/74 and the second crisis in 1979/80. The effects of these crises, common to all Western economies, were intensified in Spain by the lack of action in 1973 and 1974 by the authorities, who chose to delay measures of adjustment in Spain's economy, thus allowing the imbalance to build up over recent years.
- The other explanation for the particular incidence of the crisis is the narrow margin left for maneuvering for the formation of an economic policy by the delicate process of political transition from an authoritarian regime to a constitutional democracy, which has been developing gradually over the same period of time. In these conditions, the authorities responsible have at times been forced to subordinate action in the economic area to imperatives of consolidation arising in the political process.

As a result of these developments, the Government I have headed since December of last year has had to confront, from the start, an exceptionally difficult and complex situation. This situation can be summed up by pointing out three basic areas of imbalance: a 17% jobless rate, a reflection of the recession the economy of Spain has been undergoing for several years; a 14% rate of inflation, with a high differential of growth with respect to that of the OECD countries; and a high current account deficit in an international context extraordinarily sensitive to the debt problems of countries.

From the start we have been aware that these three areas of imbalance could not be corrected at the same time, and that the problem of unemployment, which is the Government's priority problem, could not be solved instantly without fanning inflationary tenden-

Mr. Jove Introduces the President of the Government

We are honored that President González has accepted our invitation to be here today. We extended this invitation last November when we first learned of his visit to the United States to confer with President Reagan.

I should note that President González is not a newcomer to the United States, or to us. We had the pleasure of having him as our guest of honor at a luncheon in 1980, and his presentation at that time was so rational and temperate that he greatly impressed our audience.

Of course, he was already a well known figure then as the leader of the opposition, but when one becomes President of the Government the whole process that we in the United States know so well takes place. He is in the media spotlight and every move he makes becomes news; and to make the glare of the spotlight even more intense, he uses to advantage youth and charisma.

But he knows that youth and charisma are no substitute for careful planning, programs that work, and sound economic and foreign policies. In the long run, it is on concrete accomplishments that an administration is judged, and this one is giving us promising signs.

He has chosen a cabinet of brilliant professionals who are working together as a team, and with the popular support from the Spanish people, form a viable combination to lead Spain out of its current problems, whether they be political, economic or social.

I am sure you are all eager to hear from President González himself how they are going about accomplishing it.

cies. For this reason, we have decided to put the economy in order, reduce inflation, and eliminate the foreign deficit—and then, on a more solid economic basis, to ensure a steady and permanent growth of the nation's economy and employment. In coherence with this proposed course of action, the first measures adopted by the Government after taking office were an 8% devaluation of the peseta; the adoption of a firmer monetary policy, situating the growth of liquid availabilities for 1983 at 13%, compared to a 16% growth in the previous year; a firmer policy of control of of the public sector deficit, which had doubled between 1980 and 1982, keeping it on a level of 6% of the gross domestic product in 1983 and reducing it in the following years; and a more realistic strategy of energy product prices, tending to encourage energy savings and to raise the efficiency of the economic system.

These measures have been considered by some as extremely unpopular, and I wish to explain to you the deep conviction that moved us to adopt them. And the fact is, for a people like ours, with a great political sensitivity, there is no such thing as an unpopular measure, whenever a clear and honest explanation of the need for such action is given, as we have tried to do. For this reason, contrary to the case of other observers I personally was not at all surprised at the way the country accepted these measures and other subsequent ones adopted by the Government.

With this design of macroeconomic policy, we feel that inflation, which up to last year had always continued above 14% in Spain, will end up at 12% this year, with the goal of reducing it to 8% in 1984 and to even lower levels in the following years. Our objective is for the current account deficit to drop this year with respect to last year, when it reached a figure of over $4 billion, to an amount less than $3 billion.

I want it to be clear that in making the fight against inflation our immediate objective we are in no way neglecting the problem of unemployment. The progressive elimination of unemployment is the priority objective of the Government. I personally believe that in addition to the obvious economic costs, unemployment brings with it problems of a loss of morale and the risk of the destruction of the framework of our society, to such an extent that a conscientious government must be ready to combat the problem at all costs. *The problem is how.* There is no permanent inverse proportion between the magnitude of unemployment and the rate of inflation. When going from a higher inflation to a lower inflation, unemployment increases only temporarily; and, as a high rate of inflation contributes towards a redistribution of income and wealth in a distorted sense, it prevents the mechanism of prices from operating effectively and also aggravates international deficits. It is therefore absolutely necessary to apply an anti-inflationary policy, accepting jobless levels only temporarily higher than those that would have occurred without these measures, in order to establish the bases of stable growth with less inflation and more employment. I can already say here that the question of inflation has improved, with rates under 13%, which means that the goal of a 12% annual rate of inflation, which appeared extraordinarily ambitious a short time ago, is now within reach. Likewise, we can state that even

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though the jobless rate is increasing it is doing so at a decreasing pace, in such a way that the unemployment registered has dropped during the last two months.

But the macroeconomic policy, designed to correct the imbalances of the present situation, is not what constitutes the fundamental concern of this Government, even though it is an important one. I believe that the policies I have spoken to you about are just as important for what they signify, for what they express of our political volition, as for their immediate results. I believe—and I say so with a degree of pride—that it should be recognized that these measures, previously judged as unpopular and which had not been adopted by previous governments, demonstrate the existence of a Government willing to recognized the problem and to attack its very roots. More important than the macroeconomic policy, I say, are the various courses of action taken overall and aimed at the creation of a stable institutional framework that would reduce the incertitudes of the economic agents, that would prevent serious disturbances from arising which macroeconomic policies would have to correct later on, or that would create more appropriate defenses so that the economy will react in the fact of these unsettling circumstances.

These far-reaching reforms in the economic framework are what I wish to speak to you about now. With these reforms, we want to convert Spain's economy into a modern one with more solidarity. A primary principle of action is that of free enterprise in a market economy, a principle contained in our Constitution. In this regard I would like to note that I have already repeated on several occasions that private profits have a functional role in a market economy as remuneration for the risks involved, and that we are prepared to establish the rules of the market game in which these profits are generated and dynamically give drive to investment and the economy. Secondly, I wish to repeat that we do not want a large public sector—we want an efficient public sector. That is why nationalizations are absent from our electoral platform.

Among the reforms based on the idea of a modern and solid economy, the reform of the public administration occupies an important place, as well as of the current and investment expenditures of the various public administrations and the refinement of the fiscal system, particularly in the revenue-collecting aspect. We are not going to allude here to the budget control and management procedures of the various public administrations, which we hope will translate into important economies of cost, materializing gradually in time. I do wish to emphasize the importance we are giving to the reform of the Social Security system, a system which, as occurs in all the Western countries but perhaps to a more serious extent in ours, is being threatened by an impending crisis. In particular, Social Security in Spain is financed largely with the contributions of employers and employees, thus constituting a tax on employment. In consonance with our objective of eliminating the distortions in the job market, in the long term we intend to reduce these contributions by proceeding to finance Social Security with other resources of the State.

> "We do not want a large public sector—we want an efficient public sector. That is why nationalizations are absent from our electoral platform."

In the fiscal system, the most important innovation will be the establishment of the Value-Added tax, which will eliminate the distortions presently created by the current cascade structure of taxes. We are going to continue with the reform of the finance system by expanding the role of the industrial banks and by opening up liberalization with other non-banking finance intermediaries; this is in order to give Spain's economy an agile market of capital that will allocate, in an efficient manner, the scant resources of savings towards the most attractive investments.

The functioning of the job market is plagued with straight-jacketing elements, the fruit of regulations accumulated over the years—some even contradictory at times. For this reason, we feel it is urgent for the fight against unemployment to achieve a flexible

Among the members of the dais at the June 23rd luncheon honoring Prime Minister Felipe González were (L to R) Gabriel Mañueco, Ambassador of Spain to the United States; Angier Biddle Duke, Chairman of The Spanish Institute; Fernando Morán, Minister of Foreign Affairs of Spain; Chamber President Ricardo Jove; Prime Minister González; Mayor Edward I. Koch of New York; Miguel Boyer, Minister of Economy and Finance of Spain; and Eric Javits, President of The Spanish Institute.

operation of the job market, with greater facility of temporary and part-time contracting.

I am not going to mention what has been done with regard to our farm policy, which is largely conditioned by the Government's goal of Spanish membership in the European Economic Community. Nor am I going to go into the details of the industrial reconversion policy, which have been published recently in a 'white paper'; there, the rules of the game are established for the restructuring of the industrial sectors in crisis. I do want to say to you that all of these measures are governed by a careful attention to the costs and social benefits and by the need to maintain a harmonious balance between the problems of the nation's economy as a whole.

THE FOREIGN SECTOR

I wish to center now on the problems of the foreign sector, particularly because they are the ones of greatest concern to you, and because this is an area of political action to which my Government is devoting preferential attention. The restructuring plans I referred to before, even though these are plans by sector, are prompted by the deliberate intention of the Government to integrate Spain's economy into the world economy. We intend to achieve this objective in view of the new lines of comparative advantage arising from the oil crisis, the emergence of the so-called "newly industrialized countries," and the need to take advantage of the technical advances that have been building up in Spain. The plans for industrial and agricultural restructuring are thus included in a coherent global strategy.

What are the basic principles of this strategy? Fundamentally, two: The project of gradually integrating Spain's economy into the world markets of goods and capital; and Spain's membership in the European Economy Community, which is really only a variation on the first principle. To sum up, greater freedom of trade and the transfer of financial and technological resources. In effect, E.E.C. membership will mean for Spain that 50% of its trade will be free of Customs tariffs and other protective measures, and the remainder subject only to the common E.E.C. foreign tariff, which is substantially lower than the Spanish one. So that my Government's project of intensifying the effort to speed up full membership of Spain in the European Community is practically a corollary derived from the basic option of giving an increasing role to the market, both the domestic and the foreign market, in the allocation of resources.

Since Spain's membership in the European Community represents a clear step towards free trade with respect to the present situation, it will necessarily involve an increase in trade with all of the geographical areas of the world, in particular and very characteristically with the United States. The United States is the number one supplier of goods to Spain. With $4.357 billion, Spanish imports from the U.S. represented 14% of our principle imports in 1982. Spanish exports to the U.S., on the other hand, only amounted to $1.321 billion, which means that this country is our fourth most important customer. The trade deficit with the United States amounts to one-third of our total trade deficit.

The foregoing figures mean a 30% coverage rate, which is much lower than the average for Spain, thus indicating a potential growth of our exports to the United States, especially if we take into account the size of the American market and the fact that our market share in this country has dropped in the last few years. Now then, in order for this potential growth to materialize, neither the intensification of the efforts of our exporters nor the encouraging of exports by the Spanish authorities will suffice. A more open attitude on the part of the U.S. authorities toward Spanish exports, frequently encumbered with compensation levies and other protectionist hindrances creating a serious setback for Spain's economy, will be necessary.

> "A more open attitude on the part of the U.S. authorities toward Spanish exports... will be necessary."

Personally, I feel that the objective of increasing our exports to the United States is a priority one, and this objective has already been included in the plans of action of the relevant Spanish organizations. In addition to the adoption of measures such as this one, of a unilateral type, the Spanish Government has sought to cooperate with the U.S. Government in the preparation of bilateral instruments that would promote trade between the two countries. The Spanish-American Friendship, Defense and Cooperation Agreement, which recently entered into effect, has as its objectives, among other things, the favoring of economic development, the increasing of trade possibilities in a balanced manner, and the promoting of economic relations to the benefit of both countries. Likewise, the complementary agreement on scientific, technological, cultural, educational and economic cooperation represents an agreement expanding the cooperation already existing in these fields. Also, the recent decision by the Spanish Government to purchase an important number of fighter planes in the United States was reached in the conviction that the compensations are going to increase Spanish exports to this country.

Within the framework of these relations, it is necessary to emphasize, as an important bond between our economies, the fact of the flow of direct investments by the United States in Spain and the more modest investments by Spain in the United States. The U.S. is the most important source of foreign investment in Spain. In 1982, the authorizations for investment from the United States amounted to approximately $400 million, that is, 23% of the total investments authorized. Also, over the last four years, Spanish investments in the U.S. have reached a total of $240 million—more than 16% of the total direct Spanish investment abroad during that period.

The President of the Government enjoys one of the fine wines of Rioja, Olarra Gran Reserva 1970, during the Waldorf Astoria luncheon.

As the promoting of Spanish investment is one of the fundamental concerns of my Government, I hope that these currents of investment will be intensified and bring with them a multiplied increase in commercial, touristic and cultural exchanges between the two countries.

I have attempted to provide a number of data and at the same time to reflect on the situation of Spain's economy and the perspectives for our bilateral relations in this area.

It only remains for me to thank you for coming here today and for your attention, and to tell you that I hope to see many of you soon in Spain. □

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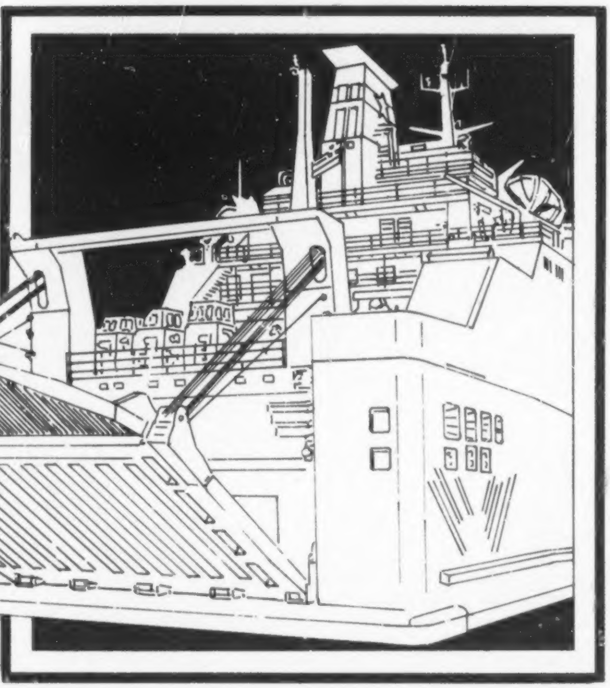

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Por ANTONIO LLANOS
Consejero Comercial de España

El comercio entre España y los Estados Unidos en 1982

En los cuadros números 1 y 2, elaborados a partir de datos proporcionados por la Dirección General de Aduanas y la Secretaría General Téchnica del Ministerio de Economía y Hacienda, se recoge la evolución de los intercambios comerciales entre España y los Estados Unidos durante los años 1.975 a 1.983, tanto en dólares como en pesetas.

Durante 1.982, la peseta se ha depreciado respecto al dólar un 30 por ciento aproximadamente, hecho a tener en cuenta a la hora de examinar las cifras contenidas en los citados cuadros de los que pueden deducirse los siguientes puntos significativos en el comercio entre ambos países durante 1.982:

1) La importación española procedente de los Estados Unidos, expresada en dólares, ha disminuído un 2,1 por ciento, prácticamente el mismo porcentaje que el experimentado por la importación total española (-1,97%). Debido a la depreciación de la peseta frente al dólar, la importación española procedente de los Estados Unidos, expresada en pesetas, ha aumentado un 16,9 por ciento.

2) La exportación española a los Estados Unidos, expresada en dólares, ha registrado un descenso del 1,9 por ciento, frente a un incremento de la exportación española total del 0,97 por ciento. Sin embargo, tomando cifras en pesetas se ha incrementado un 14,7 por ciento.

3) El índice de cobertura ha descendido ligeramente respecto a 1.981, al situarse en el 30,2 por ciento—el año anterior fue de 30,8 por ciento. Este porcentaje queda muy debajo del índice de cobertura de nuestro comercio total que fue del 65,07 por ciento en 1.982.

CUADRO N° 1

COMERCIO ESPAÑA-ESTADOS UNIDOS

(Valor en miles de millones de pesetas - Dirección General de Aduanas)

Años	Importaciones españolas (CIF)	Exportaciones españolas (FOB)	Saldo	% aumento de las importaciones (s/ el año anterior)	% aumento de las exportaciones (s/ el año anterior)	Indice de cobertura en el comercio con U.S.A.	% de importación española que procede de USA	% de exportación española que se dirige a USA
1975	148.1	46.3	-101.8	7,8	-3,3	31.3	15,9	10,5
1976	165.9	59.5	-106.4	12,0	28,5	35.9	14,2	10,2
1977	162.0	76.1	-85.9	-2,4	27,9	47.0	12,0	9,8
1978	190.1	92.7	-97.4	17,3	21,8	48.8	13,3	9,3
1979	211.7	85.1	-126.6	11,4	-8.2	40.4	12,4	7,0
1980	318.8	79.4	-239.4	50,5	-6,8	24.8	13,0	5,3
1981	412.4	126.9	-285.5	29,4	59,8	30.8	13,9	6,7
1982	482.0	145.5	-336.5	16,9	14,7	30.2	13,9	6,4

CUADRO N° 2

COMERCIO ESPAÑA-ESTADOS UNIDOS

(Valor en millones de dólares - S.G.T. Ministerio de Economía y Hacienda)

Años	Importaciones expañolas (CIF)	Exportaciones españolas (FOB)	Saldo	% aumento de las importaciones (sobre el año anterior)	% aumento de las exportaciones (sobre el año anterior)
1.975	2.640	827	1.813	11,5	0,2
1.976	2.499	897	1.602	-5,3	8,5
1.977	2.139	991	1.148	-14,4	10,5
1.978	2.414	1.177	1.237	12,9	18,8
1.979	3.153	1.267	1.886	30,6	7,6
1.980	4.427	1.086	3.341	40,4	-14,3
1.981	4.451	1.356	3.095	0,5	24,9
1.982	4.357	1.322	3.035	-2.1	-1,9

4) El porcentaje de la exportación española que se dirigió a los Estados Unidos el año pasado (6,4%) fue ligeramente inferior al del año precedente (6,7%), mientras que el porcentaje de la importación española que procede de Estados Unidos ha sido el mismo (13,9%) que en 1.981.

5) Finalmente, el déficit de la balanza comercial entre ambos países, aunque prácticamente estable si se toman datos en dólares—3.035 millones de dólares en 1.982, frente a los 3.095 millones de 1.981—expresado en pesetas es el más elevado de la historia, al alcanzar 336,5 miles de millones de pesetas.

En resumen, puede decirse que 1.982 ha sido un año de estancamiento en las relaciones comerciales con los Estados Unidos, dado que la apreciación del dólar respecto a la peseta no ha producido una aceleración de la exportación española a este mercado debido a la disminución de la importación norteamericana, motivada por la recesión por la que los Estados Unidos han pasado durante 1.982. Al mismo tiempo, la depreciación de la peseta solo ha supuesto un beneficio marginal para nuestros exportadores, dado que el dólar se ha mostrado igualmente fuerte frente a las monedas de nuestros principales competidores.

IMPORTACIONES ESPAÑOLAS

En 1.982 las importaciones españolas procedentes de los Estados Unidos, expresadas en dólares, han experimentado un descenso del 2,1 por ciento, si bien en pesetas han registrado un crecimiento del 16,9 por ciento. Estados Unidos es el primer proveedor español, seguidamente de Alemania Federal, Arabia Saudita, Francia y Méjico.

El cuadro número 3 recoge la composición de la importación española, en valores cif, por capítulos arancelarios. Como puede apreciarse, la importación se encuentra concentrada en unos pocos capítulos. En concreto, los diez que aparacen en el cuadro número 3 representan el 83,2 por ciento de la importación total procedente de los Estados Unidos, y dicha concentración sigue aumentando. Desde 1.977, en que dicho porcentaje era del 72,8, los diez capítulos arancelarios más importantes han crecido un 133,7 por ciento frente al 104,7 por ciento de la importación total.

En el cuadro número 4 se recoge con más detalle la evolución, durante los últimos cuatro años, de las principales partidas de la importación española. Se han considerado aquellos productos, o grupos de productos homogéneos—cuarenta y cuatro en total—que han registrado durante 1.982 un valor mínimo de 16.000.000 de dólares. Como puede observarse en este cuadro, la mayoría de los productos muestra incremento (solo ocho registran descensos), algunos superiores at 1.000% en los últimos cuatro años, como los de los **aceites de petróleo** (+1057,78%), **cebada** (+6200%), y **semilla de girasol** (%1653,8%).

La estructura de la importación española no ha variado respecto a la de años anteriores estando compuesta en su mayoría por materias primas (cereales, semillas, combustibles) y bienes de equipo (maquinaria mecánica, maquinaria eléctrica, equipos de navegación aérea y diversos tipos de instrumentos, de medida, médicos, etc.). En conjunto puede decirse que es una demanda de importación bastante rígida, reflejo de la estructura productiva española—tanto agraria como industrial — que necesita para su normal funcionamiento la importación de una serie de productos

CUADRO Nº 3

IMPORTACIONES ESPAÑOLAS DE LOS ESTADOS UNIDOS

(en millones de dólares)

CAP.		1977	1978	1979	1980	1981	1982	% de variación 1982/1977
10	Cereales	261.0	393.6	430.0	831.2	811.9	762.0	192,0
12	Semillas	338.6	430.8	523.4	614.0	702.6	769.4	172,2
24	Tabaco	68.3	103.2	86.0	159.2	153.5	177.7	160,2
27	Combustibles minerales	108.2	76.5	135.0	268.7	544.7	541.9	400,8
29	Productos químicos orgánicos	101.3	95.3	137.5	153.5	166.4	171.1	68,9
73	Productos siderúrgicos	97.3	76.0	196.5	195.4	100.6	133.0	36,7
84	Maquinaria mecánica	377.7	358.4	423.7	557.3	623.3	584.3	54,7
85	Maquinaria eléctrica	87.1	85.5	103.7	161.3	161.9	160.7	84,5
88	Navegación aérea	24.0	48.2	165.3	229.7	176.7	149.7	523,8
90	Instrumentos de medida, médicos, etc.	87.4	97.4	108.7	137.3	161.2	174.6	99,8
	A) Total parcial	1.550.9	1.764.9	2.309.8	3.307.6	3.602.8	3.624.4	133,7
	B) Total importaciones	2,128.9	2.413.6	3.153.3	4.427.8	4.450.8	4.357.4	104,7
	% A/B	72,8	73,1	73,3	74,7	80,9	83,2	

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CUADRO Nº 4

PRINCIPALES RENGLONES DE LA IMPORTACION ESPAÑOLA DE LOS ESTADOS UNIDOS

(valor en millones de dólares)

Identificación arancelaria	Producto	1979	1980	1981	1982	% de variación 1982/1979
12.01.46	Semilla de soja	564.9	593.6	665.6	723.8	28,1
10.05	Maíz	389.8	650.3	694.5	604.6	55,1
27.01	Hullas	83.1	191.8	391.0	366.1	330,6
24.01	Tabaco en rama	25.9	87.0	116.6	156.5	504,2
84.53	Máquinas automáticas de informacion	96.1	117.2	148.0	121.1	26,0
88.02	Aerodinos	151.7	204.1	146.4	119.2	-21,4
10.07.95	Sorgo	13.0	91.4	50.5	99.4	664,6
73.03	Chatarra	170.2	160.7	57.6	91.7	-46,1
27.10.59	Aceites de petróleo o de minerales bituminosos.	6.6	13.2	71.5	76.4	1057.7
27.14.30	Coque de petróleo	25.4	1.6	55.4	68.4	169,3
84.08	Otros motores y maquinarias motrices	22.3	42.8	61.1	64.0	187,0
28.50.81	Uranio natural	—	72.2	64.6	53.9	—
85.15	Aparatos transmisores y receptores de radiotelefonía/telegrafía	21.5	29.2	39.4	48.0	123,0
84.55	Piezas sueltas y accesorios maq. escribir, calcular, información	29.5	40.1	45.6	42.5	44,1
90.17	Instrumentos y aparatos de medicina	22.4	31.6	36.6	39.3	75,4
29.01	Hidrocarburos	30.7	39.6	30.6	39.1	27,4
90.28.59	Instrumentos y aparatos de verificación	23.8	28.5	44.3	38.7	62,6
84.23	Maq. y aparatos para la extracción, excavación suelo	35.4	41.7	53.6	37.5	5,9
10.03.90	Cebada	0.1	3.6	40.7	36.3	6200,0
85.21	Lámparas, tubos y válvulas electrónicos	24.1	36.6	38.1	32.6	35,3
38.14	Preparados antidetonantes	24.7	30.0	29.8	30.5	32,5
44.05	Maderas aserradas	32.4	52.8	17.2	28.3	-12,7
47.01	Pastas de papel	14.0	24.4	26.9	27.3	95,0
84.06	Motores de explosión o de combustión interna	32.6	24.7	33.2	26.1	-19,9
29.27	Acrilonitrilo	6.4	5.4	30.0	23.3	264,1
88.03.40	Partes y piezas sueltas de aerodinos	7.6	—	24.1	23.3	206,6
08.05.31	Nueces	11.7	22.7	17.8	23.3	99,1
23.04	Tortos, orujo de aceitunas y demás residuos de la extracción de aceites vegetales	60.1	7.3	7.0	22.9	-61.9
12.01.64	Semillas de girasol	1.3	—	26.7	22.8	1653,8
85.19	Apar. y material para corte seccionamiento conexción de circuitos electricos	12.2	16.3	17.4	22.7	86,1
29.35	Compuestos hidráulicos	25.3	21.4	16.2	22.7	-10,3
84.61	Artículos de grifería	17.2	17.3	20.2	21.3	23,8
24.02	Tabaco elaborado	60.2	72.2	36.9	21.2	-64,3
48.01	Papeles y cartones	14.7	24.0	18.9	21.1	43,5
84.59.31	Reactores nucleares	47.9	57.8	31.2	21.1	-55,9
29.44	Antibióticos	17.4	14.9	17.7	20.5	17,8
84.45	Máquinas herramientas	5.4	9.4	9.8	20.1	272,2
38.19	Productos químicos y preparados	15.5	18.3	14.7	18.3	18,1
84.05	Máq. de vapor de agua u otros vapores	4.9	15.0	16.0	18.0	267,3
90.29	Partes, piezas sueltas y accesoroios para aerómetros, pesalíquidos, etc.	8.7	9.6	11.8	17.7	103,4
84.22	Maq. y aparatos de elevación etc.	4.4	12.3	13.4	17.3	293.2
27.07.91	Prod. procedentes de la destilación de alquitranes de hulla	11.3	10.7	17.8	16.2	43,4
84.01	Generadores de vapor de agua or de vapores de otras clases	7.7	2.5	13.9	16.1	109,1
84.63	Arboles de transmisión, cigüeñales, etc.	10.8	11.0	11.1	16.1	49,1
	A) Total parcial	2190.9	2884.6	3266.8	3323.4	51,7
	B) Total importación	3153.3	4427.8	4450.8	4357.4	38,2
	% A/B	69,5	65,1	73,4	76,3	

de difícil sustitución, incluso cuando la cotización de la peseta sufre descensos espectaculares. Ello hace que, el deficit comercial con los Estados Unidos tenga un carácter estructural difícil de combatir por muchos esfuerzos que se hagan desde el lado de la promoción de nuestras exportaciones a los Estados Unidos que se pasa a comentar.

EXPORTACIONES ESPAÑOLAS

Tras el aumento del 24,9 por ciento experimentado por nuestras exportaciones a los Estados Unidos en 1.981, en 1.982 han sufrido un descenso del 11,9 por ciento si se toman datos en dólares.

Los Estados Unidos es el cuarto cliente de nuestro país, absorbiendo en 1.982 el 6,4 por ciento de nuestra exportación. Este porcentaje representa—tras el paréntesis de 1.981 – la continuación en la tendencia hacia una menor participación de los Estados Unidos en nuestros intercambios comerciales. A pesar de ello, los Estados Unidos siguen constituyendo un importante mercado para nuestras exportaciones que alcanzaron 1.322.000.000 dólares; Francia, Alemania y Gran Bretaña continúan por delante como receptores de nuestras exportaciones.

La razón principal del descenso de nuestras exportaciones a los Estados Unidos durante 1.982 hay que buscarla en el comportamiento de la economía americana durante el año pasado. La recesión por la que atravesó dio lugar a una importante retracción de la demanda de importación americana. Por otro lado, la depreciación de la peseta no ha sido el estímulo necesario debido a la fortaleza del dólar respecto a las monedas de nuestros competidores.

En el cuadro número 5 se recoge la evolución de la exportación española a los Estados Unidos por capítulos arancelarios. Los quince capítulos en él incluídos representan el 79 por ciento de la exportación total. Como puede apreciarse, se está incrementando la concentración de la exportación con unos pocos capítulos arancelarios, pues hace cinco años este porcentaje era solo del 75,2 por ciento. Ello hace que nuestra exportación se vea afectada por el comportamiento de los distintos sectores de la economía americana al depender de unos pocos, a lo que se añade la tradicional inestabilidad motivada por las variaciones de nuestros precios en relación con nuestros competidores.

En el cuadro número 6 se han detallado aquellos productos o grupos homogéneos de productos cuyo valor de exportación durante 1.982 ha sido como mínimo de 6.000.000 dólares. Estos renglones — 41 en total — representan el 69,2 por ciento de la exportación española.

Los **productos siderúrgicos** constituyen el capítulo más importante de la exportación española a los Estados Unidos. Sin embargo, durante el año pasado han experimentado un importante descenso al pasar de 310,9 millones de dólares a 255,3 millones. Ello ha sido debido por una parte a la ya mencionada recesión americana — la industria del acero ha estado trabajando con una capacidad de producción no utilizada superior al 50 por ciento — y, por otra parte, a la actitud de las autoridades americanas que han adoptado

CUADRO Nº 5

EXPORTACIONES ESPAÑOLAS A LOS ESTADOS UNIDOS

(en millones de dólares)

		F.O.B.					% de variación
CAP.	Producto	1978	1979	1980	1981	1982	1982/1978
20	Preparados de legumbres	102.2	101.4	104.1	110.4	130.0	27,2
22	Bebidas alcohólicas	35.6	35.6	42.1	44.4	49.4	38,8
25	Cemento	19.8	20.4	13.3	16.4	19.0	-4,0
27	Combustibles minerales	23.6	23.1	18.7	35.3	20.2	-14.4
29	Productos químicos orgánicos	11.5	11.2	15.3	12.1	26.8	133,0
32	Extractos curtientes y tint.	7.0	12.0	10 3	15.9	19.1	172,9
40	Manufacturas de caucho	70.0	81.1	54.9	45.3	30.9	-55,9
49	Artes gráficas	15.8	17.1	40.0	16.7	18.4	16,5
64	Calzado	278.5	277.9	161.6	210.2	235.2	-15,5
69	Productos cerámicos	10.4	13.2	17.4	24.3	22.8	119,2
69	Productos siderúrgicos	219.3	206.6	215.1	310.9	255.3	16,4
82	Herramientas, cuchillería y cubiertos de mesa de metales comunes	9.9	12.7	10.2	9.7	21.4	116,2
84	Maquinaria	54.1	90.0	96.8	139.6	144.5	167,1
87	Vehículos	22.5	36.0	25.1	29.4	23.7	5,3
88	Navegación aérea	5.2	7.6	25.8	34.8	26.8	415,4
	A) Total parcial	885.4	945.9	850.7	1055.4	1043.5	17,9
	B) Total exportación	1177.4	1267.1	1086.6	1356.4	1321.6	12,2
	%A/B	75,2	74,7	78,3	77,8	79,0	

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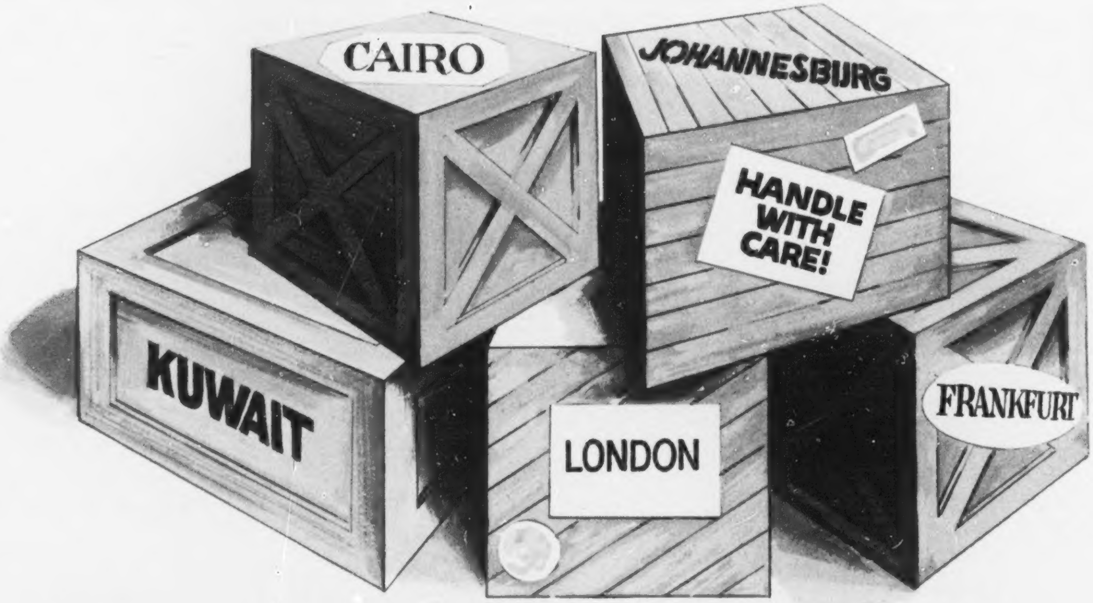

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medidas proteccionistas, no solo contra nuestras exportaciones, sino también contra las de otros países, incluída la Comunidad Europea. En el cuadro número 6 se puede observar cómo se han comportado los distintos productos incluídos en el capítulo 73, con descensos en los **tubos, perfiles, chapas** y **barras de hierro y acero,** y en **desbastes.** Por el contrario, experimentan aumentos, las **puntas y clavos, cables,**

CUADRO Nº 6

PRINCIPALES RENGLONES DE LA EXPORTACION ESPAÑOLA A LOS ESTADOS UNIDOS

(valor en millones de dólares)
F.O.B.

Identificación arancelaria	Producto	1979	1980	1981	1982	% de variación 1982/1979
64.02	Calzado con suela de cuero	241.9	143.2	179.6	204.9	-15.3
20.02.60	Alcaparras y aceitunas	69.3	73.5	69.9	81.7	17,9
84.53	Máq. automáticas para el tratamiento de la información, etc.	1.0	11.4	62.3	62.6	6160,0
73.18	Tubos de hierro o acero	20.0	47.7	76.6	55.0	175,0
73.11	Perfiles de hierro o acero	34.5	61.0	66.5	42.9	24,3
73.13	Chapas de hierro o acero	55.4	35.1	61.1	34.2	-38,4
40.11	Neumáticos	78.0	53.3	42.8	26.3	-66,3
64.01	Calzado con suela de caucho	33.6	14.8	25.9	26.1	-22,3
84.45	Máquinas herramientas	23.4	26.7	21.4	21.4	-8,5
87.06	Recambios vehículos	29.6	22.4	27.7	20.6	-30,4
27.10	Aceites de petróleo	13,6	9.9	35.2	20.2	48,5
29.01	Hidrocarburos	1.0	4.9	2.5	18.4	1740,0
73.25	Cables, trenzas de alambre	12.8	8.3	7.7	16.9	32,0
20.02.98	Conservas de pimiento	6.5	6.9	17.3	16.1	147,7
82.05	Utiles intercambiables p/ máq. herramientas o de mano	1.5	2.4	3.6	15.5	933,3
49.01	Libros e impresos	14.7	12.4	13.5	14.8	0,7
84.61	Art. grifería, valvulería	11.0	12.9	15.3	14.4	30,9
22.05.01	Vinos espumosos	1.0	2.9	7.2	13.8	1280,0
15.07	Aceites purif. o refinados	16.3	13.6	15.3	13.8	-15,3
88.03	Partes y piezas sueltas aeróstatos o aerodinos	4.4	4.7	19.1	13.7	211,4
88.02	Aviones, hidroaviones, planeadores, etc.	3.3	21.1	15.7	13.1	297,0
32.07.40	Pigmentos a base de óxido titanio	5.7	4.5	8.8	12.7	122,8
69.13	Objetos de cerámica	8.7	10.4	12.3	11.4	31,0
22.06	Sangría	9.7	11.1	8.4	11.0	13,4
73.31	Puntas y clavos	10.8	7.2	9.7	10.7	-0.9
71.12	Bisutería y Joyería	14.8	7.2	10.7	10.0	-32.4
17.04	Prod. confitería sin cacao	2.8	3.0	8.8	9.7	246,4
13.03	Jugos y extractos vegetales	6.3	8.7	6.9	9.0	42,9
03.01	Pescados frescos, refrig. o congelados	1.7	1.9	9.8	8.4	394,1
25.23	Cemento	14.8	9.7	10.2	8.4	-43,2
84.06	Motores de explosión o combustión interna	9.3	5.9	6.1	7.8	-16,1
73.38	Art. de uso doméstico y de higiene p/fregar, lustrar, de hierro o acero	15.2	3.5	3.9	7.8	-48,7
20.01	Legumbres, hortalizas y frutas preparadas o conserv.	3.1	4.1	4.4	7.7	148,4
69.08	Baldosas, adoquines p/pavimentación o revest.	3.0	5.0	9.5	7.3	143,3
73.07	Hierro y acero en desbastes	—	—	9.2	7.1	—
94.01	Sillas, otros asientos, incl. transformables en camas	7.9	5.8	7.3	7.1	-10.1
28.25	Oxidos de titanio	1.1	1.8	4.2	7.0	536,4
73.10	Barras de hierro o acero	9.3	7.7	8.9	6.6	-29,0
22.05.11	Vinos de Jerez	8.2	11.2	5.6	6.3	-23,2
22.09.81	Coñac, brandies y similares	6.5	8.0	11.8	6.3	-3,1
97.06	Art. y artefactos para juegos al aire libre	3.0	2.8	3.3	6.1	103,3
	A) Total parcial	814.7	708.6	946.0	914.8	12,3
	B) Total exportción	1267.1	1086.6	1356.4	1321.6	4,3
	% A/B	64,3	65,2	69.7	69.2	

CUADRO Nº 7

EXPORTACION DE CALZADO A LOS ESTADOS UNIDOS

Año	Cantidad de pares	Valor en millones de $	Precio medio ($ / par)
1.976	41.586.239	250.1	6,01
1.977	35.278.028	227.1	6,44
1.978	38.836.802	278.5	7,17
1.979	27.420.741	277.9	10,13
1.980	17.371.764	161.6	9,30
1.981	20.726.325	210.2	10,14
1.982	23.784.878	235.2	9,89

CUADRO Nº 8

EXPORTACIONES DE ACEITUNAS A LOS ESTADOS UNIDOS

Año	Cantidad (galones)	Valor cif (millones $)	Valor ($ / galón)
1.976	14.745.550	68.0	4,61
1.977	13.366.048	66.7	5,00
1.978	16.685.027	71.1	4,26
1.979	13.300.594	69.1	5,20
1.980	13.371.200	71.8	5,37
1.981	13.324.094	69.1	5,19
1.982	15.981.843	95.4	5,97

(estadísticas: U.S. Department of Commerce)

y los **artículos de uso doméstico de hierro y acero.**

El segundo capítulo de nuestras exportaciones, **el calzado**, ha alcanzado 235,2 millones de dólares, confirmando la recuperación iniciada el año pasado. Sin embargo, estas exportaciones están todavía un 15,5 por ciento por debajo del nivel alcanzado en 1978. El grueso de nuestras exportaciones con 204,9 millones está constituído por el calzado de cuero.

En el cuadro número 7 se recoge el valor de precio medio, en dólares, del par de zapatos exportado. Durante los últimos cuatro años el precio ronda los 10 dólares por par. Este mantenimiento del precio, unido a los esfuerzos realizados por los exportadores españoles en material de calidad, diseño y atención a la comercialización, es lo que ha permitido a nuestras exportaciones de calzado recuperarse tras el debacle del año 1.980. La recuperación antes mencionada ha continuado durante los primeros meses de 1.983, y ello, junto a la reducción en las exportaciones de productos siderúrgicos, hará que el calzado vuelva a ser en 1.983 el primer productos de la exportación española a este mercado.

El capítulo 84 del arancel—maquinaria—con 144,5 millones de dólares, es el tercer capítulo de la exportación española en los Estados Unidos. Aunque durante el último año ha moderado su ritmo de crecimiento, durante los últimos cinco ha experimentado un crecimiento del 167,1 por ciento. La partida más importante la constituyen las **máquinas para el tratamiento de la información y sus partes**—en concreto memorias de ordenador—que en tres años han alcanzado un valor de exportación de 62,6 millones de dólares, aunque en 1.983 su crecimiento se haya estancado. A pesar de los esfuerzos de promoción realizados, las exportaciones de las **máquinas herramientas** se encuentra estancadas. Otros componentes de este grupo son los **artículos de grifería y valvulería,** y **los motores de combustión o explosión interna.**

El cuarto capítulo de nuestra exportación a los Estados Unidos está constituído por los **preparados de legumbres,** capítulo 20 del arancel, 130.000.000 dólares. Esta exportación tradicional al mercado americano viene creciendo establemente (desde 1.978 lo ha hecho un 27,2%). Los productos más significativos de este capítulo son las **alcaparras y aceitunas** (81,7 millones de dólares), **conservas de pimientos** (16,1 millones de dólares) y **legumbres y hortalizas preparadas o en conserva.** En el cuadro número 9 se recoge con datos del Departamento de Comercio de los Estados Unidos, la evolución de nuestras exportaciones de aceitunas en los últimos años.

A continuación, con 49,4 millones de dólares aparece el capítulo 22 del arancel: **Bebidas alcohólicas.**

CUADRO Nº 9

IMPORTACIONES NORTEAMERICANAS DE JEREZ

AÑO	CANTIDAD (hectólitros)			VALOR (millones de dólares)		
	A-Importación directa de España	B-Importación total	% A/B	A-Importación directa de España	B-Importación total	% A/B
1976	43.032	80.689	55,7	7.5	21.1	35,5
1977	47.199	82.169	57,4	6.8	24.7	27,5
1978	51.336	108.921	47,1	9.7	31.7	30,6
1979	38.125	93.645	40,7	8.2	33.0	24,8
1980	53.751	92.538	58,1	11.2	37.4	29,9
1981	29.650	91.924	32,3	5.6	35.5	15,8
1982	32.288	80.822	39,9	6.3	26.1	24,1

Dentro del mismo, mientras los vinos de mesa continúan perdiendo posiciones en este mercado, los **vinos espumosos** mantienen un comportamiento totalmente diferente, habiendo incrementado sus exportaciones un 1.280 por ciento desde 1979. Ello es debido no solo a su precio y calidad y al aprovechamiento de una coyuntura del mercado favorable, sino también a la atención prestada a la comercialización con una presencia activa en el mismo. La **sangría y los brandies y similares** y los **vinos de Jerez** completan este capítulo. En el cuadro número 9 se ha realizado un estudio de las exportaciones de vino de Jerez, en hectólitros y en dólares, tanto directas como indirectas, es decir a través de otros países, a los Estados Unidos. Del citado estudio se desprende que la exportacíon directa solo ha alcanzado en 1983 al 24,1 por ciento del total, si se toman unidades monetarias (dólares) y del 39,9 por ciento, si se toman unidades físicas (hectólitros).

Del resto de los capítulos destaca el crecimiento que viene experimentado el 82 **(herramientas, cuchillería y cubiertos de mesa)** y el 88 **(navegación aérea)**, y el descenso del 49 **(manufacturas de caucho)** en que los neumáticos han sufrido una disminución importante. □

FROM *BUSINESS AMERICA,* U.S. DEPT. OF COMMERCE

Spain's Economy Stabilizes But Recovery Unlikely Until 1984, Says U.S. Commerce Department Report

By Randall Miller

U.S. exports to Spain and the U.S. share of total Spanish imports will probably continue to decline throughout 1983. Battling a peseta which continues its substantial slide against the dollar, U.S. exports in the first six months totaled only $1.4 billion—a 28 percent reduction compared to the same period of last year. The U.S. share of Spain's non-petroleum imports has also declined, to 16.8 percent in February 1983, down from 19.9 percent a year earlier. The peseta was trading at 151 to the dollar at the beginning of August, a 66 percent loss of value in just two years.

After devaluing the peseta 8 percent upon taking office in December, the socialist government has concluded that the most prudent course for achieving economic recovery is to await resurgence of the major western economies, and hope that they will generate demand for Spanish products sufficient to lift the economy from the doldrums of stagnation. This tack appears to be working, as real economic growth of 1.5 percent was recorded in the first half of the year. The government expects the recovery to hit its stride by the end of 1984.

The government's target of 2 percent growth for the year is predicated upon a 5 percent growth in exports, coupled with a 1.5 percent drop in imports. In the first five months, Spanish exports advanced 3 percent to $8.1 billion, and imports fell to $13 billion, a drop of 3 percent.

The inflation rate declined by mid-year to 11.7 percent, but this was accomplished by slowing the money supply growth rate from 14 to 11.4 percent, which subsequently raised loan interest rates five points to 22 percent. The M-3 rate will be held to 9 percent in the third quarter. Unemployment has been stabilized at 18 percent.

Foreign exchange reserves, excluding gold, were valued at $6.1 billion at the end of May, a coverage of 2.3 months of imports. This was an improvement over the first three months when reserves covered only 1.5 months of imports—the lowest ratio in ten years. The Spanish government has targeted a current-account deficit of $2.5 billion by year-end. The improvement will result primarily from falling oil prices, but also from discouraging all imports. Combined with a $3.4 billion amortization of long-term debt, Spain would thus need to cover $5.9 billion for the year. The Finance Ministry expects an inflow of $700 million from new investment money, plus $5.3 billion from borrowings by the electric utilities, railroads, banks, and the kingdom itself. Spain should therefore, be able to cover its needs easily without further recourse to its foreign exchange holdings. The first offering of the year by the kingdom for a $600 million syndicated loan was oversubscribed.

To survive in this economy, Spanish firms must place a premium on reducing costs and improving operating efficiency. There should, therefore, be good opportunities for U.S. exporters of computers, robotics and materials handling and food processing equipment. Other areas offering promise for U.S. firms include process control equipment, analytical and scientific instruments, security equipment, health care equipment and factory/business automation technology. With many Spanish firms strapped for cash, some form of export credit will aid substantially in generating these sales.

Commerce will sponsor the following promotional events in the next 12 months: analytical and process control instruments trade mission, visiting Madrid and Barcelona in October; business computers and peripherals exhibition at SIMO '83 in Madrid in November; security and safety equipment exhibition at SICUR '84 in Madrid in February; electronics components and test equipment trade mission, visiting Madrid and Barcelona in April; and food products at Alimentaria '84 in Barcelona in March. For additional information, contact the Commerce Department's desk officer for Spain, 202-377-4509.

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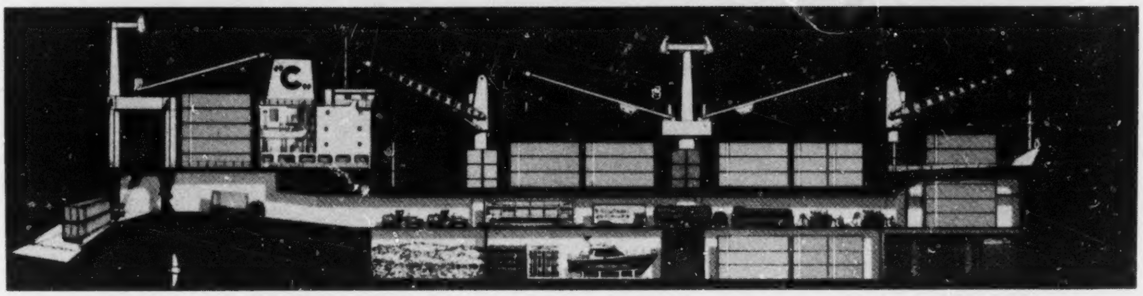

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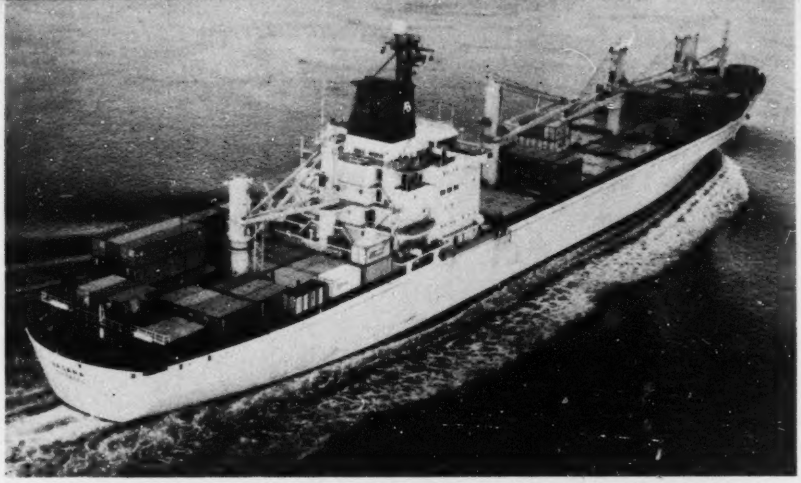

The AES Nagara, one of three container ships which will provide regular around-the-world service linking ports on the East Coast of North America with Cádiz.

MEMBER PROFILE:

AES Links Cádiz to Major World Markets

SPAIN now has an "express pass" to several of the world's major ports. Atlanttrafik Express Service (AES), a New York-based shipping line, now calls at the Port of Cádiz, linking it with key ports in East Coast North America, Australia, New Zealand and Europe.

"As part of our new around-the-world service," says AES president Claes L. Uggla, "Spanish exporters have an expanded opportunity to develop business with major world markets." He adds that AES will transport Spanish products, including olives and other foodstuffs, metals, wines, food concentrates, and canned fish.

Mr. Uggla notes that Cádiz was one of the European choices because of its excellent port facilities, transhipment links to major cities in France and Africa, and relatively short transit time to North America.

AES'S DRAMATIC EXPANSION

Cádiz became part of the AES "family" recently when the shipping line dramatically increased its trade routes from two to five, a bold move that ran counter to the world-wide trend in the depressed shipping industry. In addition to its service in both directions between ports on the East Coast of North America and Australia/New Zealand, the three new routes include Australia/New Zealand to Europe, Europe to North America, and Europe to Australia/New Zealand.

Besides adding the new Mediterranean ports of Cádiz and Leghorn, Italy, AES also expanded its annual southbound schedule by 25 percent, increasing sailings from 12 to 15 per year.

Mr. Uggla explains that the decision to add the European service was a result of an extensive two-year study of cargo shipments from Australia/New Zealand to Europe, from Europe to the U.S./Canada, and from Europe to Australia/New Zealand.

"We concluded that the conditions and timing were propitious for this service," he says, "and anticipate that our cargo carryings—and revenues—will increase at least forty percent this year with the addition of the European ports to our schedule."

In addition to the two new Mediterranean ports, AES vessels also call on the following North American ports: Saint John (Canada), New York, Philadelphia, Baltimore, Norfolk, and Savannah. AES also continues regular service to Aukland, New Zealand, and the Australian ports of Brisbane, Sydney, Melbourne and Fremantle.

AN EXCELLENT REPUTATION

"AES developed a well-earned reputation for speed, reliability and flexibility in serving shippers and consignees in the U.S., Australia and New Zealand for more than 35 years," says Claes Uggla. "We intend to expand that reputation with the addition of the new around-the-world service."

At the heart of AES's commitment to quality service is its fleet of three modern combo ships: the AES Tamara, AES Nagara and AES Malmros Monsoon, the last of which completed its first around-the-world route when it arrived in Saint John on May 20th.

The AES sister ships are 210 meters long and operate at a fully-loaded speed of 23 knots. Each ship's nine holds have a combined loading capacity of 1.1 million cubic feet and a combined capacity of 1,150 TEU's with 250 connections for reefer containers and provisions for dry vans, open tops and 20-foot flat racks.

Each of the three vessels also has a total of seven single and twin cranes, two of which have a 40-ton heavy-lift capacity. In addition, each is fitted with spreaders for handling 20- and 40-foot containers.

WORLDWIDE AGENTS NETWORK

Headquartered in New York, AES is represented in the Western Hemisphere by agents in the U.S., Canada, the Canal Zone and Jamaica. In the Eastern Hemisphere, agents provide customer service in all AES ports of call.

New agents have been added to the AES roster in Cádiz, Leghorn, Marseilles and Lisbon.

A sophisticated computerized booking system linking the New York office with its agent network assures prompt handling of customer shipping requirements. ☐

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By ANTONIO SANCHEZ-GIJON
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Spain and International Security Issues: The NATO Relationship

Among the papers presented in the March symposium, "Spain and the U.S.: A Conference to Analyze New Perspectives within the Western Community," presented by the Fletcher School of Law and Diplomacy of Tufts University, was this careful analysis of the present Spanish Government's foreign and defense policies. We are grateful to Tufts University for permission to publish this paper, as well as the two papers published in previous issues.

THE FEATURE of foreign policy upon which the Spanish Socialist Worker Party (PSOE) has always laid most emphasis is the need for Spain to achieve greater autonomy in the international arena, both on the diplomatic front and in defense. In the view of the socialist government's policymakers on these matters, the Franco regime and the democratic governments of the Union of the Democratic Center (UCD) were subject to the constraint of an international inferiority complex, which obliged them to yield to the demands and requirements of stronger powers and blocs, chiefly the Atlantic alliance and the United States. For these analysts, Spain's strategic and diplomatic dependence reached its apogee in 1953, when the agreements with the United States on military bases were signed. These contained secret clauses giving Washington the power to use Spanish territory for the pursuit of its aims without consulting or obtaining the authorization of the Spanish government. This situation of dependence, only to be expected in an internationally isolated authoritarian regime which was of a markedly repressive nature at home and, because of its inadequate internal legitimacy, very much in need of protection from abroad, gradually improved as the years went by, thanks to arduous diplomatic negotiations. These made it possible gradually to recover part of the sovereignty that had been lost, although the price to be paid was a general process of pragmatic adaptation to the transnational constraints, especially in the economic and financial spheres.

In the socialist view of foreign policy, Spain can achieve an "area of autonomy that will prevent its reduction to satellite status and make possible a dynamic and original foreign policy in consonance with the vitality of Spanish society," in the words of the most articulate, though not necessarily the most influential, socialist spokesman on foreign affairs, Fernando Morán, Minister of Foreign Affairs in the new government.[1]

This same idea of autonomy can be seen in the PSOE's political attitudes towards the internal problems of Spain during the long period of the transition to democracy: The attempt to secure the independence of the institutions arising out of democratic elections from "de facto" existing powers such as, above all, the armed forces, the world of finance, and the church. On every occasion, the PSOE supported the measures introduced by successive UCD governments aimed at reconciling formally democratic institutions with a backward sociological situation which was ultimately incompatible with democratic and institutional stability but which it was feared might still be strong enough to challenge democracy. Of the three "de facto" powers, only the armed forces presented any real problem, in the socialists' opinion. And indeed the church, which still controlled many people's consciences, had long before—ever since the time of the Second Vatican Council—given up trying to control their wills. The faithful in Spain, together with much of the clergy, had shown genuine enthusiasm for the *aggiornamento* brought in by the Council. The passing of the divorce law marked the formal split in the long-lived union of political and religious power, so cherished by General Franco and, up to the Second Vatican Council, by the Spanish church itself.

As for the financial world, its strength as a "de facto" power had been notably diminished as a result of its long association with the economic plans of the Franco regime, which entailed a high degree of government regulation and civil service interference, a state of affairs which both the UCD and the PSOE (perhaps the latter more than the former) considered not entirely unsatisfactory because it allowed them to guide it towards a policy of social concertation (typical of the Suárez period of government) which guaranteed the democratic political parties the social peace they needed to devote themselves to building up democratic institutions.

There remained the primary "de facto" power, the armed forces, which had certainly not had their own equivalent of the 2nd Vatican Council, nor had they lost one iota of the considerable social autonomy which they had enjoyed under the regime of Franco (who, incidentally, had kept them in a state of poverty and professional backwardness). Successive UCD governments tried out various formulas to bring them into the process of transition towards democracy, a process which for many sectors of the military was devoid of sufficient legitimacy since it had been reached by negating the content and the form of the constitutional laws enacted by the Franco regime for its National Movement. First of all, governments tried to adapt to a hostile military environment by providing the armed forces with the stimulus of professionalization and modernization, such as the reform implicit in the creation of a defense ministry and of a new command structure such as the joint chiefs of staff—a collegiate organ of the armed forces chain of command subject to the Minister of Defense—and a considerable increase in the defense budget. February 23rd. 1981, when the Congress of Deputies was occupied and a rising took place in Valencia, showed that the government's policy of coming to terms with the corporate interests of the armed forces (one which was certainly the determination not to restrain, expel or isolate those sectors of the command structure which favored a coup) was inadequate, and that a policy of reducing the autonomy of the military in corporate matters concerning the armed forces was necessary. A debate then ensued on the need for the military to be subject to civil jurisdiction, upon which both socialists and the UCD were in agreement. Support was given to measures such as the dismissal of the joint chiefs of staff, which had backed the government during the attempted coup but had been unable to forestall it; the new retirement law was enacted and laws were proposed with the object of reducing the judicial powers of the armed forces. However, the PSOE accused the UCD government of trying to strike a deal with the armed forces whereby they would retain their private spheres of influence, such as their budget, their organizational autonomy and teaching plans, etc. Felipe González, leader of the PSOE party and president of the Spanish government since December 1982, has said that "the army *(i.e. the armed forces — author's note)* is a state institution and has a clearly defined constitutional role. Consequently I do not understand this talk of 'striking a deal.'"[2]

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[1] "Una politica exterior para España," Colección Documento, Editorial Planeta, S.A., Barcelona, 1980, p. 21.

"The primary 'de facto' power, the armed forces. . . had not lost one iota of the considerable social autonomy which they had enjoyed under the regime of Franco."

A brief examination of the PSOE's election program, the statements and speeches of the party leaders, and, with regard to foreign policy, Fernando Morán's book *A Foreign Policy for Spain*, will enable us to gain a more concrete idea of the ideological equipment, the mental attitudes, and the empirical approach of the socialists in these two areas. We shall deal first of all with matters pertaining to the defense domain, which in this writer's opinion is little other, from the socialists' viewpoint, than a problem of relations with the armed forces. We shall then go to dealing with foreign policy, which includes the important question of the international alignment of Spain, with alternatives of the Atlantic alliance, which the PSOE as a party rejects, and humanistic, anti-imperialist internationalism, which the PSOE claims to stand for.

THE DEFENSE OF THE SPANISH SOCIALISTS

The introductory paragraphs of the PSOE's brief national defense program are a respectful confirmation of the constitutional stipulations on this matter. In developing its program, the PSOE promises to undertake "a military defense policy of gradual reform" with three basic aims:

1) To achieve an increasingly autonomous and independent national defense;

2) To build up armed forces with a high deterrent effect, smaller in size but more effective, better equipped and more operational;

3) To involve the nation as a whole in the idea of national defense.

To achieve these aims, the government proposes to increase the armed forces' self sufficiency; transform the current territorial organization to make it more operational (according to Sr. Felipe González, this means reducing the number of captaincies-general); get under way a modernization plan for the armed forces, seeking to achieve an independent and modern defense capacity, up to the limits of Spain's economic potential; improve the professional competence of the military; reform certain aspects of military training; restructure the forces' corps and professional ranking; adjust the staff at periodic intervals in accordance with the defense model adopted, etc.

Two decisions are particularly striking and deserve to be commented on. The first is the question of trying to achieve more professional forces, and the second adjusting the armed forces' structure in accordance with the defense model adopted. Felipe González has indeed, in statements to the press, suggested that Spain is moving towards a professional army. "I am certainly in favor of a professional army. That is why I talk of cutting down on numbers of men and shortening compulsory military service. The increase in the number of volunteers is extraordinarily effective, true enough, but it has its negative side as well as its advantages . . . As regards a professional army, it's expensive. We mentioned it in our electoral program as a trend, and one thing is to refer to a trend, which can be carried out as a historical process, and quite another to say that, despite the economic crisis, wè can have a strictly professional army overnight."[3]

In fact, the socialist program only undertook to move towards "the full professionalization of the military," i.e. the increasing professionalization of those who are already professionals—the officers and the NCOs. With regard to the "defense model" adopted or to be adopted, there is nothing in the electoral program about what it is to be, or what factors are to weigh in its adoption. It would seem that the government still retains extremely wide discretionary powers in matters of vital importance not subject to electoral approval, while at the same time it makes the professional military class to confront an uncertain future.

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[2] Statements to the magazine *Interviú*, November 3-9, 1982, No. 338.

[3] Id.

At all events, the president of government has promised to use his power to decide on or modify the defense arrangements in such a way that the armed forces will view them as their own: "This does not imply the waiving of any authority; it simply means that a sincere, earnest and rigorous approach is needed which can be taken over by the very organization that it affects."[4]

But which is the "sincere, earnest and rigorous approach" the socialist government is applying to the military problems of Spain? It must be taken into consideration that, apart from the very brief reference to the armed forces in the PSOE's election manifesto, there is in existence no substantial document on this subject drafted by the party. The government, far from bringing in changes of its own making and of a sweeping scope, seems to be convinced of the advantages of continuity, as though it were waiting for ideas to spring up from within its ranks—ideas that would enable the problems of military policy to be related to the discoveries still to be made as regards the defense model it is proposed to adopt.

The socialist government has taken over as though they were its own the plans aimed in general at modernizing the Spanish armed forces which had already been drawn up by the UCD government. Most, if not all, of these plans were in the drawers of the Minister of Defense when the socialist Narcís Serra took over from his predecessor.

Thus naval policy will continue to be based on the building up of a combat group centered on the new carrier, except that the number of new frigates in it will probably be raised from three to five.

The air force will see its wish to equip itself with a combat force of 84 F-18A aircraft granted, in spite of the initial rhetorical gestures, which seemed to satisfy certain sectors in the party which see the undoubted virtues in discarding American models and "buying European."

The army will undergo the most radical changes, since it is from an organic point of view the most backward of the services, and because it is still the main recipient of the Spanish defense effort, in both economic and human terms. However, in this case too the plans had already been prepared, although one must acknowledge the merit of the socialists in dispensing with certain marks of corporative respect.

The reforms in the army seek to achieve improved operational readiness by means of an increase in firepower and a considerable reduction in manpower, especially conscripts (an overall reduction of 90,000 men is planned, so as to attain an army of 190,000), together with a reduction in the number of officers, which is to be achieved by making the criteria for promotion more strict. This in turn is to be obtained by taking into account personal merit and introducing discretionary powers for the appointment of senior officers by the political authorities.

The reduction in the army's manpower will come about mainly through the shortening of the period of military service, which will be reduced to twelve months (it is currently fifteen). while the number of volunteers will be increased by means of professional and monetary incentives. Volunteers will be required to serve for a minimum of four years.

There is symbolic and not only organic value in the reduction of the number of captaincies-general from nine to six. The captaincies-general have traditionally been the army's "oligarchy," and they have played a prominent part in the long past history of "pronunciamentos." The reform that has been undertaken is designed to make the captains-general into operational commanders, thus reducing their politico-social profile of long standing.

There can be no doubt that the shortening of the period of military service will not, by itself, do much harm to the Spanish soldier's military training, since the longer service period did not usually provide opportunities for advanced modern training for war. However, we cannot ignore the psychological and social effect of a measure of this kind, which takes the emphasis away from the idea of military service as a national duty and as a time when the men, classes and regions learn to live in a melting pot of sorts.

A further feature of the reform of military service is that the service is now to be done in the region from which the recruit comes. This principle does not arouse much enthusiasm among the military commanders, for they see in it a weakening of the role of the armed forces as a crucible in which national identify is forged, and an obstruction to the needs of territorial organization of units. To a certain extent, this principle is the result of political pressure by certain autonomous communities, exerted much before the socialist government was formed, especially the Basque country and Catalonia. The implementation of this principle may very well be followed by a stepping up of the claims of the Basque nationalists, who might refuse to do military service for the Spanish nation, as spokesmen of the party of the Basque government are opening beginning to recommend. This would entail an overt challenge to the unit of the Spanish nation, as symbolized in the armed forces, who would certainly resist it. The universality of the principle of military service, as a mark of the integrity of the state of self-governing regions, will no doubt become in the future one of the touchstones for the evolution of the relations between political power and the armed forces, and therefore for the conciliation of the armed forces with democracy. The socialist party, which has no doubt not had the chance to prepare itself to tackle this problem, since it is so new, will not be able to avoid consultation and consensus with other political forces, in order to draw up a military policy in harmony with the new structure of the Spanish state, a structure which is far from being immune to debate and questioning.

At this point, it would be well to recapitulate the scope and significance of what has been said so far as regards the military policy of the socialist government.

1) It is a policy inherited in certain essential aspects from previous governments or taken from the armed forces

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[4] Ibid.

themselves.

2) It does not set out the sort of defense policy which the socialist government intends to adopt.

3) On the contrary, it is a military policy originally designed with a view to Spain's entry into the Atlantic alliance and which, in the intention of its framers, was to be carried out under the stimulating influence of the alliance.

Yet the socialist government has called into question the defense model based on the alliance. This brings us to an analysis of the party's and the government's international policy.

THE SOCIALIST FOREIGN POLICY

"The new government of the nation will, without further delay, set about implementing a foreign policy that will strengthen Spain's role in the concert of nations, affirm our presence on an equal footing wherever national interests are at stake, and enable our country to make an active contribution to the cause of peace, freedom, justice and progress in the world."[5] Such a foreign policy will be based on the following principles: 1) Respect for law as the organizing principle behind international co-existence, strengthening the role of the U.N.; 2) the quest for peace, disarmament and détente, endangered by the revival of the policy of the blocs.

In view of this, the PSOE adopts two firm resolutions: to propose the removal from European territory of all medium-range missiles and to maintain the "principle of the non-nuclearization of Spanish territory." In order to strengthen this attitude, Spain will study sympathetically the desirability of ratifying the non-proliferation of nuclear arms treaty *(which, incidentally, would have to be signed by Spain before it could be ratified - author's note)* and will cooperate with any European countries not linked to the military blocs; it will defend individual or collective human rights, look favorably upon the creation of a new international economic order, and display solidarity with the peoples who are struggling to obtain their freedom and with democrats living under dictatorships.

As for the main areas of political and diplomatic action, the PSOE has a very discriminatory program,as can be seen from a classification of its chief priorities: a European dimension based on what is essentially a political option, though it has a marked economic content too; a policy towards Latin America; and a policy of clarification and closer relations with the neighboring counties—France, Portugal and the Maghreb. Outside this circle of areas close to Spain are relations with the United States and with the Atlantic alliance, of which Spain has been a member since June 1982. Relations with the United States will be oriented in two main directions: the first is the maintenance of the military relationship under clearly specified, equal, balanced conditions and definite timetables...; the second includes economic, commercial or scientific cooperation aspects.

The Atlantic alliance is considered by the PSOE to be the real touchstone of its international program, its leftism and serious purposes: "The PSOE reaffirms its philosophy of opposition to military blocs which in fact perpetuate the division of the world into zones of mutual influence, and pledges to continue fighting for a free and peaceful world ... In this sense, the government will work to achieve a greater degree of autonomy for Spain, by gradually separating it in military terms from the North Atlantic bloc. Consequently, as was already announced by the PSOE, negotiations for full integration in this military organization will, as a first step, be suspended. Later, the PSOE's pledge to hold a referendum will be maintained, so that the Spanish people may decide about our membership in NATO."[6]

THE SOCIALISTS' ORIENTATION IN INTERNATIONAL AFFAIRS

The PSOE's electoral program involves a moderate revision of the program set out at the 27th party congress, where with regard to defense it was said that "it is essential, therefore, to tackle the issue of the independence of our defense as a priority aim"; the same document also hinted that "our policy" was one of "neutrality."[7] However, there is evidence that the socialist party began to perceive fundamental contradictions between its declared policy of neutrality and its solidarity with Western societies in remarks like that of Felipe González, who said that the PSOE's opposition to Spanish membership in the alliance was based on "tactical reasons."[8] For one prominent socialist, Luis Yañez, neutrality was expressed in a curious figure of speech: "We must maintain a tension of neutrality."[9]

Felipe González' reference to opposition to NATO as a mere tactic is contradicted by other more qualified statements. For example, he is fond of repeating the slogan, "We are not against NATO but against Spanish membership." This same refusal to come out against NATO is in turn qualified by a document signed by Messrs. González, Suslov and Ponomariev, in December 1977, in the course of a visit for the restoration of the patrimony of the PSOE, which had been kept in Moscow since the end of the civil war. The text of this document says: "The Soviet Union Communist Party and the PSOE are in support of mutually advantageous cooperation between states in the framework of full respect for national independence, territorial integrity and sovereignty. Accordingly, the delegations have reaffirmed their parties' criteria concerning the need to overcome the divisions of the contemporary world into opposing politico-military blocs,"[10] a declaration that was immediately denounced by the UCD government as a unilateral reununciation by a Spanish party of a sovereign prerogative of Spain, namely to belong, or not to belong, to a bloc.

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[5] "Por el cambio," electoral program of the PSOE, p. 8.

[6] Ibid., pp. 46-47.

[7] "XXVII congreso. P.S.O.E." edited by Alfonso Guerra. Editorial Avance, S.A., Barcelona, 1977, p. 295.

[8] Statements made in Brussels, published in *Ya*, Madrid, September 16, 1977.

[9] Statements to the Madrid daily *El Imparcial*, March 19, 1978.

[10] Communqué issued in Moscow, December 15, 1977, published in *Pravda* and reproduced in No. 7 of *El Socialista*, Madrid, December 1977.

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Felipe González' experience and outlook seem to have as one of its main sources of inspiration his leadership of a socialist party. The socialist international has been the external source from which Felipe González has gleaned a large portion of his information and his ideas about the international system. He is on familiar terms with none of the conservative leaders of Europe and North America, whereas his friendship with a number of democratic and "progressive" Latin American leaders, including Fidel Castro himself, is well known. Felipe González prides himself on his knowledge of Latin American affairs, although his prominent role as chairman-delegate of the socialist international's committee for the defense of the Nicaraguan revolution was somewhat compromised when the revolution took an anti-democratic turn.

Felipe González restricts the area of Spain's priority relations to the neighboring countries of Portugal, France and the Maghreb countries, paying special attention to Portugal. However, in his investiture speech he announced that Spain would seek full membership in the European communities with the aim of achieving it during the lifetime of the parliament formed on October 28th. He added that Spain is in the Western world, but claimed "the right and the duty" freely to determine the extent of Spain's participation. In this sense, he announced that relations with the United States would be re-examined; the "decision of the previous government regarding NATO" re-appraised; the "pledge made to the Spanish people" to hold a referendum on NATO membership would be upheld; and cooperation with Latin America stepped up. He added that the government would continue to press its claim to Gibraltar and negotiate with the United Kingdom.

PSOE's (and the Government's) NATO policies deserve a more detailed and closer look. In the parliamentary investiture debate Sr. Felipe González announced that his government would suspend the process of military integration into the organization until the advantages and disadvantages of membership had been studied, a matter which one would have expected his party to have cleared up before the investiture debate and the election campaign too. The very desire to submit the question of whether Spain is to remain in NATO to a referendum would seem to imply that the UCD government's decision to approve membership in parliament was in some way illegitimate, whereas in fact it was a legal decision, freely taken by the prescribed majority of the chamber of deputies. When Felipe González is hard pressed by the opposition on the NATO issue, he does not hesitate to appeal to purportedly patriotic motives: "I am not willing to permit a Spanish admiral to be given orders by a foreign admiral within NATO," he said during the investiture debate.

No sooner had the government been formed, however, than policy towards NATO was to take a more active turn that González had suggested: Spain did not even show its political solidarity with its NATO allies, refusing to sign the final communiqué of the Atlantic council in December when the decision to deploy Euromissiles was taken. "We consider it more honest not to underwrite the spirit of a document which, *interalia*, would involve the sanctioning of the installation of new missiles in Europe," declared a spokesman for the new government.[11]

It must be admitted that, in his attitude towards NATO, Felipe González shows a lack of concern for what the military might think about this matter; for the prospect of a socialist victory led prominent officers to express publicly their support for Spain's remaining inside the organization. For example, the former Vice President of the Government and Minister of Defense, Lieutenant General Gutiérrez Mellado, said in Madrid in September 1982 that "as an army is better equipped and more professionalized, it tends to look outwards and stops concentrating on the country's internal problems. That is why Spanish membership in NATO benefits our armed forces. If Spain were to leave the alliance, the armed forces would be displeased, and it would give an impression of light-headedness."[12]

"The aim of medium-sized powers like Spain is to increase their level of autonomy... without disturbing essential equilibria."

THE INTERNATIONAL DOCTRINARISM OF FERNANDO MORAN

The new Minister of Foreign Affairs, Fernando Morán, does not base his positions regarding foreign policy upon the imprecise and changing statements contained in the programs produced for congresses or elections by the party to which he belongs (he has in any event largely contributed to amending and correcting them), but on an empirical and intellectual analysis of the international situation. In his view, the international system has undergone or is undergoing profound changes, including the "crisis of bipolarity; the appearance of power vacuums; the identificaiton of new elements which have not yet been integrated in a revised system; an increase in the difference between the capitalist center and the periphery; a widening gap between the third world and the developed nations; the displacement of economic power to other regions; the rising tide of violence as a by-product of the discontents of our civilization; a crisis in values and the assessment of behaviour; a breakdown in expectations of a constantly rising standard of living in the developed world; a lack of credibility affecting those in authority, etc. A world which has apparently come to a standstill, judging from the criteria which have made it possible to live, and in certain places, to prosper, significantly enough, since the end of the Second World War. And an immense area, the Third World, knocking at the door and demanding to play a world role."[13]

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[11] *El País*, December 3, 1982.

[12] *ABC*, September 21, 1982.

[13] "Una política exterior para España," p. 405.

The aim of medium-sized powers like Spain is to increase their level of autonomy, but they must do so without disturbing essential equilibria that have already been attained. Independence is defended by avoiding the voluntary acquisition of satellite status, by means of agreements like those signed by Franco and the first government of the monarchy with the United States, and by rejecting attempts at the globalization of international issues of a regional type by the superpowers. If equilibria are not to be disrupted, this autonomy must be consolidated without denying friendly countries the cooperation they have been given in the past; therefore, military cooperation with the United States must continue, but any subterfuge leading to a linkage with NATO through the bilateral agreements must be rejected. The idea of including the Canary Islands, situated at a very sensitive geographical point, in any attempt at globalization must be avoided at all costs, whether as a support base for the United States' rapid deployment force or as a NATO base. The military use of the Islands by Spain should be limited, in order not to alarm the neighboring African countries. For the building of an aircraft carrier by Spain should be accompanied by explanations to the effect that it will only be used for national defense.

The PSOE's final objective is the dissolution of the blocs. NATO has changed; it is no longer an alliance, but a military organization; the debate about NATO has become excessively ideological; nowadays the existence of NATO is of interest only to the United States and to the European right. The Soviet Union, on the other hand, has the defect of being governed by a bureaucratically-minded leadership; in any case, it must be treated with kid gloves. Spanish membership in NATO does not guarantee the defense of Ceuta and Melilla against Moroccan claims. In fact, NATO's real aim as far as Spain is concerned is to install nuclear missiles there.[14]

The international function most consistent with the situation, possibilities and potential role of Spain is to contribute to a security sub-system in the Mediterranean, complementary to and not excluding the central system based on the equilibrium of the blocs and superpowers. Such a subsystem could be achieved with the help of the Maghreb, once the conflict of the western Sahara has been settled, and that of France. In fact, the Mediterranean is a vehicle through which closer cooperation links with France, a country which stands at the top of Sr. Morán's list of concerns and interests, are to be achieved.

COMMENTARY

The stock of ideas best suited to the framing of a defense policy seems to be offered by Fernando Morán; Narcís Serra, on the other hand, seems to be reduced by Felipe González and by his own training as an administrator, to the function of minister for the armed forces. Felipe González shows basic traits in his training and experience which prevent him from defining in clear policy terms under which conditions it would be possible to unite diplomacy and defense as a common objective. Do these disparities foreshadow future disagreements between the head of the government and the foreign minister? Everything depends on Felipe González' undoubted political instinct to make decisions without the need for precise definitions, and on Fernando Morán's known ability to influence people without their noticing.

The danger for Felipe González, in controlling the areas with which we are concerned, is that of sliding into expediency at one extreme and adhering strictly to ideological principles at the other. The danger for Fernando Morán is that he might become ineffective as a result of diplomatic activity conducted with the excessive subtlety which often makes his writings rather puzzling and abstract.

The new socialist government's foreign policy is probably one of the fields of public activity which has most rapidly been subjected to criticism, misinterpretation and even misrepresentation. A certain semantic carelessness is partly responsible for this state of affairs; expressions such as "freezing the process of integration into the military structure of NATO," "reviewing the treaty with the United States," "not waiting for membership in the EEC after 1985" (Alfonso Guerra, Vice President of the Government), "maintaining an equidistant position between the two blocs," "joining our diplomatic initiatives with France in the Mediterranean and Latin America," or similar phrases, together with gestures like undoing with one stroke of the pen a policy built up over fourteen years (the isolation of the British colony of Gibraltar) without a thorough parliamentary debate, or the occasional praises of the virtues of neutrality, have given a rough-hewn appearance to Spanish foreign policy, making it look some times negative, revisionist and pretentious.

Two constant principles underlie the definitions of international policy framed by the socialist leaders, especially Felipe González and Fernando Morán, although both are typical of the intellectual output of the latter: 1) Attaining the maximum possible degree of autonomy for Spain in the international system; and 2) guaranteeing that this policy, with its enhanced autonomy, will not upset the precarious balance that keeps us safe from the clash of the blocs and the nuclear holocaust.

The principle of greater autonomy rests, in its turn, on a corollary: the globalization of conflicts and tensions must be avoided, and solutions to these must be sought in the regional area of each particular state, which must not allow itself to be carried away by the global aims of the superpowers.

These principles could perfectly well serve to orientate the search for a national consensus for Spanish policy. States act with greater reassurance and freedom in the international system when they are supported by a broad consensus of public opinion and the political forces. Let us then try to focus the debate on the applicability of these two principles, and on the theses maintained by the socialists which have largely been taken over by the new administration.

The autonomy that Spain can achieve in the international system must be assessed on the basis of a sober appreciation of its capacities and limitations. These

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[14] Ibid., p. 155.

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latter factors draw us towards Europe, and the most firmly established and generally agreed aim among the Spanish people; Europe represents at one and the same time the chance of overcoming certain limitations (commercial, industrial, technological, etc.) and strengthening certain Spanish capacities (productive, social). Now Europe itself is subject to a certain degree of limitation and dependence: technologically, with regard to American multinational capitalism; commercially, with regard to the world markets; industrially, in respect of sources of raw materials which elude its control; financially, in respect of the globally established capitalist system; and militarily with regard to a superpower which guarantees that it will not be subjected to nuclear blackmail. Transferring Spanish limitations to limited Europe entails accommodating its aspirations to autonomy; some of these are attainable, others are not. The trend towards the autonomy of Spain must be resolved within the framework of the trend towards the autonomy of Europe, but the limits of this latter autonomy are clearly marked out by two compelling facts: Europe, as a commercial superpower, can legitimately and materially compete with the United States in the world markets; as a mosaic of nation-states, it can encourage political coordination among its members and in relation to the superpowers, but it can not act on an equal footing with these superpowers; as it is militarily incomplete, Europe must base its security on the factor which redresses its geostrategic inferiority vis-a-vis the Soviet Union, that is, the alliance with the United States. That is the room for maneuver which exists in the European community into which the PSOE government, with the backing of the vast majority of the Spanish people, wishes to lead Spain. It is difficult to fit some socialist theses into this framework, such as the equidistant attitude to the blocs, withdrawal of support in defense matters, and the break with the capitalist system. Once these viewpoints or ideological statements have been criticized, the foundations will have been laid upon which it will be possible to broaden the consensus on Spanish foreign policy.

The second principle, that of conducting a foreign policy that will not upset already existing and favorable balances, should be tested by means of an exact measurement of Spain's ability to destroy such balances. Let us be modest and admit that Europe and the Western world can generally speaking perfectly well live without Spain joining the European community and without Spain remaining within the Atlantic alliance; none of this would be de-stabilizing. The only thing which would provoke a relatively important unbalance would be the setting up in Spain of a communist regime and the accession of Spain to the Warsaw pact, but the Spanish people do not want either of these two things. Once again, it is in Europe that the principle we are concerned with takes on all its potential: if Europe were to withdraw from the trans-Atlantic solidarity and accept its neutralization, it could indeed destroy the global balance, giving rise to consequences of worldwide scope, which no doubt would reduce the United States to the rank of second largest pwer and give the USSR primacy, although Europe's freedoms and independence would be gravely jeopardized.

The idea on which the foreign policy of the socialist government is based contains both a working method and a program: The principles on which the working method is based could constitute an important contribution to the creation of a consensus among Spaniards; the program, unless it is considerably modified and corrected by the practice of government and by the effect of the international realities which impinge upon Spain, could cause serious disturbances and insoluble contradictions.

EPILOGUE

The government has shown pragmatism in ratifying what had been negotiated with the United States by previous governments, although at the cost of a ritual gesture, as is the protocol of February 23, 1983, to the convention with the United States signed on July 2, 1982, which has made it possible to reconcile the ideological pledges of the government (deciding on the possible withdrawal of Spain from the Atlantic alliance by means of a referendum) with a sober assessment of Spain's interests ("The convention is the best, in the letter and in the spirit, that we have had so far," said the President of the Government.

Pragmatism, however, has its limits, and these are to be found in the determination to suspend military collaboration with the alliance, which has taken shape in Spain's failure to take part in NATO exercises and maneuvers and in the meeting of the nuclear planning group. This attitude is at variance with the desire expressed by the government to assess the advantages and disadvantages accruing to Spain from the collective defense of the Atlantic alliance; such an assessment will be made by working groups which will necessarily require information from the alliance.

But this is not the only paradox. The greatest one of all is the political determination to maintain the commitment to call a referendum on the desirability or otherwise of Spain's membership in the Atlantic alliance, after signing a convention with the United States which confirms Spain's earnest commitment to the defense of the West.

By taking upon itself an ideological commitment clearly aimed at winning in the elections the space which the communist party considered to be its own private preserve, the government has to a certain extent played into the hands of the communists, since it is now receiving continual challenges from the PCE to make good its promise to hold a referendum. These challenges are made in an atmosphere of propagandistic pressure, brought about by the growing pacifist campaign, which the governing party is at present unable to resist with sufficient firmness.

The socialist government is faced with an unpleasant alternative: either it fulfils its ideological aim to distance itself from the blocs (at a time when the blocs are reasserting the basis of their existence more vigorously than ever), with all this implies as regards the harming of the interests and the coherence of Spanish foreign policy, and the renouncing of the international framework which inspires its military and defense policies; or, alternatively, it fails to fulfil it, by dint of realism, with all this entails as regards the weakening of its electoral base and loss of ground to the radical left. ☐

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FROM *IMPACT*
By Abby Harman

Spanish Wines — The Beginning of a New Era

An evaluation of the present and future of Spanish wines from the viewpoint of the American distributor.

SPANISH growers and wineries have made futile efforts to attract the American public to their table wines. Spain extolled their red wines when the public was drinking mainly white. They produced white wines that were not pleasing to the American taste. A change is in sight.

The great **Rioja** area growers produce outstanding long-lived red wines. The best wines come from Rioja Alavesa and Rioja Alta. The third, which is the poorest area and produces average wines, is the Rioja Baja. The red wines are known as clarete (light) and tinto (full). Some of the best brands are Marques de Riscal, Marques de Murrieta, Bodegas Bilbainas, Bodegas Palacio (Pedro Domecq/ Seagrams) and Federico Paternina.

Most of the Rioja wineries (bodegas) have modernized and are now using the most up-to-date equipment and techniques. They are producing lighter, fresher, fruitier types of white wine that Americans can accept. An example is the white wine introduced by Pedro Domecq in late 1981. Other are expected to follow.

The largest wine producing area of Spain is **La Mancha.** It extends just south of Madrid to Andalusia. The outstanding sections that produce the best wines of this region are Manzanares and Valdepeñas. La Mancha wines were considered average wines—nice, light red and smooth, low-acid whites. In the last number of years, the Mancha wines have increased noticeably in quality. I tasted the 1982s and found them surprisingly pleasant. The white wines were fresh, fruity, a pale-greenish color with a clean appearance, both dry and medium dry, very pleasant and soft. These whites, which include a smooth light clarete that is nicely balanced with small amounts of tannin, similar to the Rioja reds, will be introduced to the U.S. in late 1983 at low competitive prices.

I understand that a strong promotional effort will be made to prove that Spain can produce quality white table wines that can compete with the French Vins de Table, Italian table wines and German Landwein. Should the La Mancha wines maintain continuity of quality and price, the retailers will welcome another good white wine.

Sparkling wines from Spain are experiencing a fantastic success. In just three years they are close to surpassing French champagnes in U.S. consumption.

Freixenet is second to M&R Asti Spumante in consumtion. Codorniu second (largest selling Spanish sparkling wine) is in fourth place. These sparkling wines are produced in the Penedes region, south of Barcelona, in Catalonia. The total of Spanish sparkling wines will probably reach a million case sales in 1983. They offer the best value that the American public has had in many years. The wines are fine quality and popularly priced—far under the price of French champagnes and under the price of most Asti Spumantes.

By 1984 Spanish sparkling wines may begin competing with American champagnes. I feel this category has great future in the U.S. The sparkling wine producers are experimenting with Chardonnay and Pinot Noir grapes grown in the Penedes area. These producers may produce sparkling wines in the French style.

Sherry consumption has been declining for many years. I believe sherries will continue in this direction for some years before any sign of stabilizing.

Sherries began their decline in the '70s when the American public realized the importance of table wines. Harvey's Bristol Cream and Dry Sack were presented to the American public through massive broadcast advertising, and for a few years it appeared that the decline could be stemmed. Although these brands increased appreciably in consumption, the balance of the market weakened. Both Harvey's and Dry Sack have stabilized. Nothing is making its appearance to change or check the category decline.

Spanish sparkling wines have had a great start. Rioja is developing a fresher, fruitier, pleasant drinking white wine at moderate prices. La Mancha wines will enter the American market with nice quality, low-priced white and soft red wines. These entries will create a new beginning and offer a brighter future in the American market for Spanish wines — a new era.

In 1982, Spanish wine consumption increased by 2-1/2 percent, while Spanish sparkling wines increased by 76 percent. I project Spanish table wines will increase in 1983 by about 6 to 8 percent. This growth will continue in 1984 with the introduction of the attractive low-priced La Mancha wines. The sparkling wines will increase about 45 percent, and up again in 1984 with the introduction of the lower-priced Charmat process sparkling wines. □

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FROM THE SPANISH NATIONAL TOURIST OFFICE

Spain's 'Rutas Turisticas'— A Great Travel Bargain!

In the distance is Consuegra (Toledo), in La Mancha—"the windmilled land of Don Quixote."

"Planned to offer the tourist the essence of Spanish culture combined with outstanding accommodations and fine regional cuisine," the Tourist Routes make a delightful Fall vacation.

By CHARLES OCHELTREE

THE SPANISH Government has announced its 1983 schedule of escorted tours through historic areas of Spain, with lodgings and meals in their famous paradors. Called **"Rutas Turisticas"** (Tourist Routes), each of the itineraries covers a different area of Spain and another aspect of its history and culture. As a network of government-owned inns, many in converted castles, palaces and monasteries, the paradors make delightful overnight stops on these cultural tours.

In addition to the seven itineraries which have been offered to Americans since 1981, this year marks the introduction of a completely new tour, the **"Route of Art and Nature,"** a 10-day program which features visits to national parks and excursions by Land Rover through a natural preserve and bird sanctuary, with stops in the important cities of Toledo, Seville and Córdoba and a tour of Sherry bodegas in Jerez de la Frontera.

All the " Rutas Turisticas" begin and end in Madrid, allowing one to combine the tour with a longer stay in the capital city or with excursions to other parts of Spain. The tours range from 3 to 11 days, with available dates in September, October, November and December of this year.

In the **"Route of La Mancha"** (3 days), the group will visit the windmilled land of Don Quixote and stay in the magnificent convent parador at Almagro. Those choosing to follow the route of the **"Castles of Castile"** (4 days) will not only visit castles in picturesque Castilian villages but stay overnight in the imposing Visigoth castle which has become the Parador Nacional in Siguenza.

The 11-day tour which takes the pilgrims' **"Route of Santiago"** winds through the provinces of Castile and Galicia, with visits to medieval monasteries, the Rioja wine region, and the Shrine of Santiago de Compostela. Lodgings are at the walled parador at Bayona, the hospice-turned -parador at Santo Domingo de la Calzada, and the deluxe government-owned museum hotel, the Hotel de Los Reyes Católicos in Santiago de Compostela. Other choice itineraries offered in the Fall of 1983 include the **"Route of the Monasteries of Castile and Rioja"** (5 days), the **"Route of the White Villages"** (7 days), the **"Route of Columbus"** (6 days), and the **"Pyrenees Route"** (8 days).

With the exchange rate of the dollar in Spain stronger than ever, the rates for the "Rutas Turisticas" represent the best travel value to come along in some time. They range from $126 per person, double accommodations, for the 3-day "Route of La Mancha" to $553 for the 11-day "Route of Santiago." These rates include lodging, three meals a day, deluxe motorcoach transportation, admission to all historic sites, and the services of an excellent guide.

The escorted "Tourist Routes" of Spain have been planned to offer the tourist the essence of Spanish culture combined with outstanding accommodations and fine regional cuisine. They provide guaranteed reservations at paradors which enjoy great popularity and are often fully booked for months in advance, and allow a welcome alternative for those who prefer the congeniality of group travel to a self-drive trip.

A brochure describing each itinerary day by day, with a list of rates and available dates, is available on request from, and all reservations can be made through, the U.S. representative of the paradors, Marketing Ahead, Inc., 515 Madison Avenue, New York, N.Y. 10022; telephone (212) 759-5170.

Spanish Foreign Trade 1981-1982

By countries of origin and destination

In millions of Pesetas

	IMPORTS (C.I.F.)			EXPORTS (F.O.B.)		
COUNTRIES	**1981**	**1982**	**Index 1981 = 100**	**1981**	**1982**	**Index 1981 = 100**
EUROPE						
France	237.575	277.515	116,8	270.578	370.216	136,8
Belgium	41.417	49.105	118,5	44.980	53.873	119,7
Netherlands	57.746	64.971	112,5	69.637	109.899	157,8
Germany (F.R.)	241.524	328.861	136,1	163.343	185,590	113,6
Italy	118.445	155.634	131,4	108.001	127.284	117,8
United Kingdom	132.889	171.112	128,7	130.645	161.021	123,2
Ireland	12.332	15.574	126,3	6.617	8.295	125,3
Denmark	14.201	15.923	112,1	9.638	12.093	125,4
Greece	5.736	9.009	157,0	8.895	8.654	97,3
Total E.E.C.	861.869	1.087.706	126,2	812.345	1.036.930	127,6
Iceland	3.246	3.088	95,1	543	936	172,3
Norway	8.674	10.277	118,4	7.009	2.995	42,7
Sweden	33.463	41.710	124,6	17.518	21.659	123,6
Finland	12.274	13.079	106,5	6.523	8.012	122,8
Switzerland	45.459	64.505	141,9	28.078	34.871	124,2
Austria	11.093	15.545	140,1	5.916	6.777	114,5
Portugal	12.451	16.549	132,9	55.806	62.839	112,6
Total E.F.T.A.	126.664	164.756	130,1	121.396	144.092	118.7
USSR	43.510	54.152	124,4	33.492	24.153	71,1
Germany (D.R.)	9,094	10.604	116,6	20.696	6.440	31,1
Rumania	13.046	12.439	95,3	5.775	3,614	62,5
Other COMECON countries	13.199	18.585	140,8	13,108	14.188	108,2
Total COMECON	78.849	95.780	121,4	73.071	48.395	66,2
Turkey	4.320	9.465	219.0	111.224	14.133	125,9
Other European Countries	2.174	8.415	387,0	20.828	17.302	83,1
Total Europe	1.073.876	1.366.122	127,2	1.038.864	1.260.852	121,3
AFRICA						
Morocco	17.614	21.813	123,8	28.565	35.584	124,5
Algeria	45.236	73.933	163,4	51.777	75.279	145,4
Libya	122.255	120.701	98,7	40.031	29.247	73,0
Egypt	3.128	7.280	232,7	32.751	54.772	167,2
Nigeria	43.396	25.391	58,5	23.679	26.477	111,8
Republic of South Africa	13.526	18.592	137,4	11.871	10.505	88,5
Other African Countries	209.315	84,800	40,5	54.312	70.917	130,6
Total Africa	329.087	352.510	107,1	242.986	302.781	124,6
AMERICA						
United States	412.372	482.024	116,9	126.912	145.532	114,6
Canada	20.593	20.853	101,2	16.580	15.169	91,5
Mexico	183.930	206.584	112,3	49.664	56.970	114,7
Cuba	5.704	12.106	212,2	16.012	11.837	135,2
Colombia	8.651	9.759	112,8	10.225	15.678	153,3
Venezuela	60.661	40.779	67,2	30.416	38.515	125,9
Brazil	41.282	42.616	103,2	8.561	9.920	115,8
Chile	8.473	10.159	119,8	17.528	15.690	89,5
Argentina	22.218	27.190	122,3	29.285	19.311	65,9
Other American Countries	23.405	22.462	95,9	34.966	58.175	166,3
Total America	787.289	874.532	111,1	341.149	386.797	113,4
ASIA						
Irak	46.728	94.870	203,0	26.140	29.700	113,61
Iran	123.769	119.563	96,6	31.481	37.781	120,0
Saudi Arabia	324.162	316.186	97,5	47.192	60.653	128,5
Kuwait	20.357	20.997	103,1	8.562	9.636	112,5
United Arab Emirates	53.441	78.327	146,5	6.165	7.915	128,4
India	3.486	18.891	541,9	11.076	12.890	116,3
China	10.265	10.900	106,1	6.886	12.483	181,2
Japan	79.427	110.552	139,2	29.994	28.306	94,3
Other Asian Countries	99.859	87.297	87,4	65.104	79.437	122,0
Total Asia	761.494	857.583	112,6	232.600	278.802	119,8
OCEANIA						
Australia	10.603	13.532	127,6	7.287	7.175	98,4
Other countries	8.086	8.928	110,4	25.536	23.790	93,1
TOTAL	2.970.435	3.473.207	116,9	1.888.422	2.260.197	119,6

FROM *BUSINESS AMERICA,* U.S. DEPARTMENT OF COMMERCE

U.S. Embassy Reports Expanding Market For Latest Security Equipment In Spain

There is an expanding market in Spain for sophisticated security equipment, and there are indications that the demand will continue to increase over the next few years. Those who wish to establish themselves in the Spanish market must, however, introduce equipment of the highest quality and incorporate where appropriate the latest electronic technology, with the accent on reliability and ease of servicing, if they are to compete successfully against German, French, British, Italian and Japanese companies.

A survey of 75 firms in the security and safety business industry indicates that the major project groups with best sales potential within the three major subsectors are: detection apparatus; communication equipment; central alarm stations; access control equipment; and protective materials.

Security equipment is normally sold in Spain as part of an overall package or system through dealers or installers of this equipment. Many principal local installers are also importers of products which form integral parts of their systems, and some of the main installers/importers in the field carry out their own installation and modification of the equipment. The dividing line between installer and agent/distributor is sometimes unclear. Security products are usually imported at net prices, the importer then fixing his own sales price structure. An installation discount of up to 30 percent (according to quantity) is then allowed for sales to other traders or installers who are not end users.

Before they can start operating in this field, installers and other firms offering security services must be approved by the police authorities. The Register of Approved Companies includes 259 firms performing one or more services: installation of security systems, 119; patrolmen surveillance, 74; transportation of funds, 33; central alarm servicing, 17; vehicle armouring, 3. It is worth noting that 85 of these firms are manufacturers and most of these are also installers. However, the trend is towards specialization, either as installers offering maintenance servicing, or as manufacturers.

The Brussels' Tariff Nomenclature (BTN), utilized by Spain to show its import-export figures, provides no specific headings for many safety and security oriented products. An estimate based on 40 different items shows the United States and West Germany as the main suppliers, each accounting for 15 percent of imports, followed by France (8-6 percent); United Kingdom (6.6 percent); Italy and Japan. Neither are there estimates for local production, but the consumption growth for the next four years should be between 15-20 percent, with imports and exports growing at about 4 percent over the consumption rate.

The industry is in a rapid development phase characterized by the entrance of many new manufacturing and trading companies trying to consolidate a position in a growing market. The domestic manufacturing industry is characterized by broad diversity, covering almost the entire spectrum of products, from locks or fire extinguishers to minicomputers for access control or volumetric radars. The second characteristic is lack of specialization. Most of the high technology and the sophisticated products are imported despite high import duties. Only for the most traditional items is Spain a net exporter, e.g., security glazing; locks, safes, armoured doors and similar items; electric signaling devices and safety goggles, helmets, belts, gloves, etc. The inadequacy of the domestic industry to satisfy the local demand is particularly clear in the security subsector.

In 1982, the United States lost its privileged position as the leading supplier (well ahead of other third-country suppliers) of safety and security equipment in the Spanish market. The rise of the dollar in value, making U.S. products less competitive, accounts for part of the decline. Another reason is that countries like Italy and Japan, whose share in this market was not important until recently, are rapidly gaining access to the market. However, U.S. security equipment and systems are held in high esteem in Spain, and companies new to this market with reliable, market-oriented products should have little difficulty in establishing a foothold. It is essential for firms to operate through reliable local agents.

Among the 75 firms in the security and safety business contacted by the embassy, 35 have shown initial interest in importing from the United States as agents and distributors; 21 are interested in direct purchases; and 14 are interested in obtaining a license to manufacture. The products of interest more frequently noted by these companies within the three major subsectors are: a) security devices and equipment: CCTV systems and components; central alarm stations; communication equipment; access control systems; security systems which are computer and electronically assisted; perimetrical protection equipment; radar and night search reconnaissance devices; detection apparatus. b) Safety protective equipment; hazard detection equipment and protective clothing and equipment. c) fire protection equipment: flammable, explosive gas detectors, fire resistant materials and anti-fire systems.

The major groups of end-users in Spain are: jewelry and banking institutions; large retail stores; factories; and residences. Spain has already covered the major needs of the first group and is working at protecting large retail outlets.

Banks: There are about 115 commercial banks with a total of 12,000 branches, and 184 savings banks with a total of about 7,500 offices. Existing branches have security systems already installed and the market is therefore limited to new branches or improvements. Most of the banks and savings institutions in Madrid, Barcelona and Bilbao have installed detection and alarm equiment with direct links to police stations. More recently, private companies in this field have also been authorized to install and operate central alarm stations.

Jeweler and jewelry shops: There are about 15,000 of these in the whole of Spain and only 10-15 percent of them have installed security systems.

Department stores and supermarket chains: These are very concerned about the increasing incidents of shoplifting and pilferage. There is, therefore, a ready market for point-of-sale security equipment and devices, but only for the most modern and sophisticated systems.

Factories: The changing economic patterns, from industrial growth towards more emphasis on quality, have also brought more consideration of work safety conditions. The security level in big companies has been rated at 53 percent, which is considered normal. The level of security in small and medium-sized firms is assessed at 38 percent, which is considered poor. Although no systematic studies have been conducted to determine the causes of accidents in industry, the lack of appropriate equipment and automatic detection systems has been noted as being one of the weak points. A potential market also exists for U.S. equipment.

Residences and individual protection: The majority of the public thinks that insecurity has been on the rise in the last three years, despite the fact that the percentage of persons who were the object of any type of violence decreased from 27.1 to 21.7 percent during this period. In Madrid, the most feared offenses are: attacks (muggings) in the street, home burglary and physical injuries. The needs of this group of end-users are also far from having been covered.

Almost all security and safety products fall under the liberalized trade regime. However, an import license has to be obtained in advance and receive the acknowledgement of the Ministry of Commerce, Paseo de la Castelana 162, Madrid-16. Although Spain is undergoing a long process towards liberalization, customs duties remain high. Average duties for security and safety products are approximately 33 percent. Other European countries enjoy an overall customs duty reduction of about 50 percent because of trade agreements between Spain and the EC and EFTA.

Although U.S. equipment enjoys a very good reputation and finds a broad acceptance in Spain, up-to-date information relating to specific items should be requested from Iranor (Instituto Nacional de Racionalizacion Normalizacion), Zurbano 46, Madrid-10. The Spanish importer or agent would normally handle the necessary formalities. Iranor, which comes under the Ministry of Industry, is the Spanish agency in charge of preparing and publishing the Spanish standards (UNE). Through its technical commissions, Iranor prepares the UNE standards after hearing the manufacturers, consumers and technicians.

A technical commission called "CT-108" was recently established. It will be in charge of the normalization of all materials, elements and systems within the security industry. The structure of CT-108 is made up of four subcommissions; terminology and unification; physical security; electronic security and; systems applicable to security services. These subcommissions in turn are divided into work groups covering specific product lines.

SICUR, the International Security, Safety and Fire Exhibition, which is held every two years in Madrid, is an ideal vehicle to enter the Spanish market. The next show is scheduled for March 5-8, 1984 and will feature a wide variety of security and safety products.

News in Brief . . .

Spanish Institute Fund Honors Luz de Piniés

The Spanish Institute has established a memorial fund in honor of Luz de Piniés, who died recently. Mrs. de Piniés, the wife of Spain's Ambassador to the United Nations, Jaime de Piniés, was active in and dedicated to the work of the Institute and chaired the 1980 and 1981 Gold Medal Galas. In 1980 she received a special Gold Medal award for her work on behalf of the Institute.

The first project to benefit from the Luz de Piniés Memorial Fund will be the redecoration of the Sala Carlos IV salon on the second floor of the Institute, under the direction of Duarte Pinto Coelho, and the installation of a permanent wall plaque in memory of Luz de Piniés.

Iberia Expands $1 Rent-a-Car Program in Spain

Iberia Airlines is now offering an expanded $1 Rent-a-Car program in Spain, in conjunction with Hispanidad Holidays. The program is available to *all* transAtlantic passengers, including those with promotional fares, flying roundtrip on Iberia from New York, Miami or Boston to Spain.

Cars are available in most of the major cities of Spain, including Madrid, Barcelona, Málaga, Santiago de Compostela, Valencia, Alicante and Seville; they must be returned to the city in which they were picked up. The offer is based on a minimum of two persons travelling together and is valid for one week only. Additional days are available with prices starting at $16 per day. Collision damage waiver and 5% Spanish tax are additional.

For more information call Hispanidad Holidays at (212) 261-2112 or Iberia Reservations at (800) 221-9741 or (212) 793-3300.

New Costa Line Ro-Ro Vessel Debuts

Above, containers are unloaded from Costa Line's new vessel, the *Costa Ligure,* at the Red Hook Container Terminal. As the cranes prepare to off-load the 1,026 TEU's of containers, the flexible carrier lowers her quarter ramp to discharge a wide variety of wheeled cargo. The *Costa Ligure* and her sister ship, *Costa Arabica,* serve the route between New York and Barcelona, Genoa, Leghorn and Naples, with feeder-ship connections to other Mediterranean ports. The multi-purpose *Costa Ligure* has seven spacious cargo holds and stainless steel and epoxy-coated tanks able to accommodate 2,600 tons of liquid cargo.

Activities to Celebrate 'Madrid Week in New York,' October 3rd to 9th

October 3rd to 9th will be celebrated as "Madrid Week in New York," commemorating the 1982 proclamation of Madrid and New York as Sister Cities by Mayors Edward Koch and Enrique Tierno Galván.

Among the wide variety of educational, cultural and recreational activities scheduled for the week will be "Spain Today: A One-Day Seminar on the Cultural and Educational Situation," to be held at The Spanish Institute on Friday, October 7th from 11 a.m. to 5:30 p.m. Guest speakers

(CONTINUED ON PAGE 39)

Business Opportunities

Spanish Products Offered

Women's apparel:
Sr.D. J. I. Alavedra i Berenguer
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Elche, Alicante
Hot stamping foil:
Sr.D. Manuel Pastor
International de Marketing, S.A.
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Sabadell, Barcelona
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Prat Soldadura
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(OR Apartado de Correos 12,109
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Teules Galetes
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Directora de Ventas
Iluminación Española
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Constitución, 19
Bloq. 12, Local 5
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C/Sierpes, 23
Manises (Valencia)
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Jorge Juan, 55 Buzón 23
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Apartado 37
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Calle Alondra, 52
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Presidente
AFEC
C/ Fco. Silvela, 69
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Aleaciones Ligeras, S.A.
General Andéchaga, 3-5
(Recaldeberri)
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Bilbao-2
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Ginadansa
Fabra y Puig, 5-7
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C/ Casanova, N° 78 Entlo.
Barcelona-11
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'MADRID IN NEW YORK WEEK' EVENTS

(CONTINUED FROM PAGE 37)

will be Joaquín Arango, Secretary General of the Ministry of Education and Science; Jorge Semprún, writer; Alfonso Pérez Sánchez, Director, El Prado Museum; and Román Gubern, a professor at the Autonomous University of Madrid.

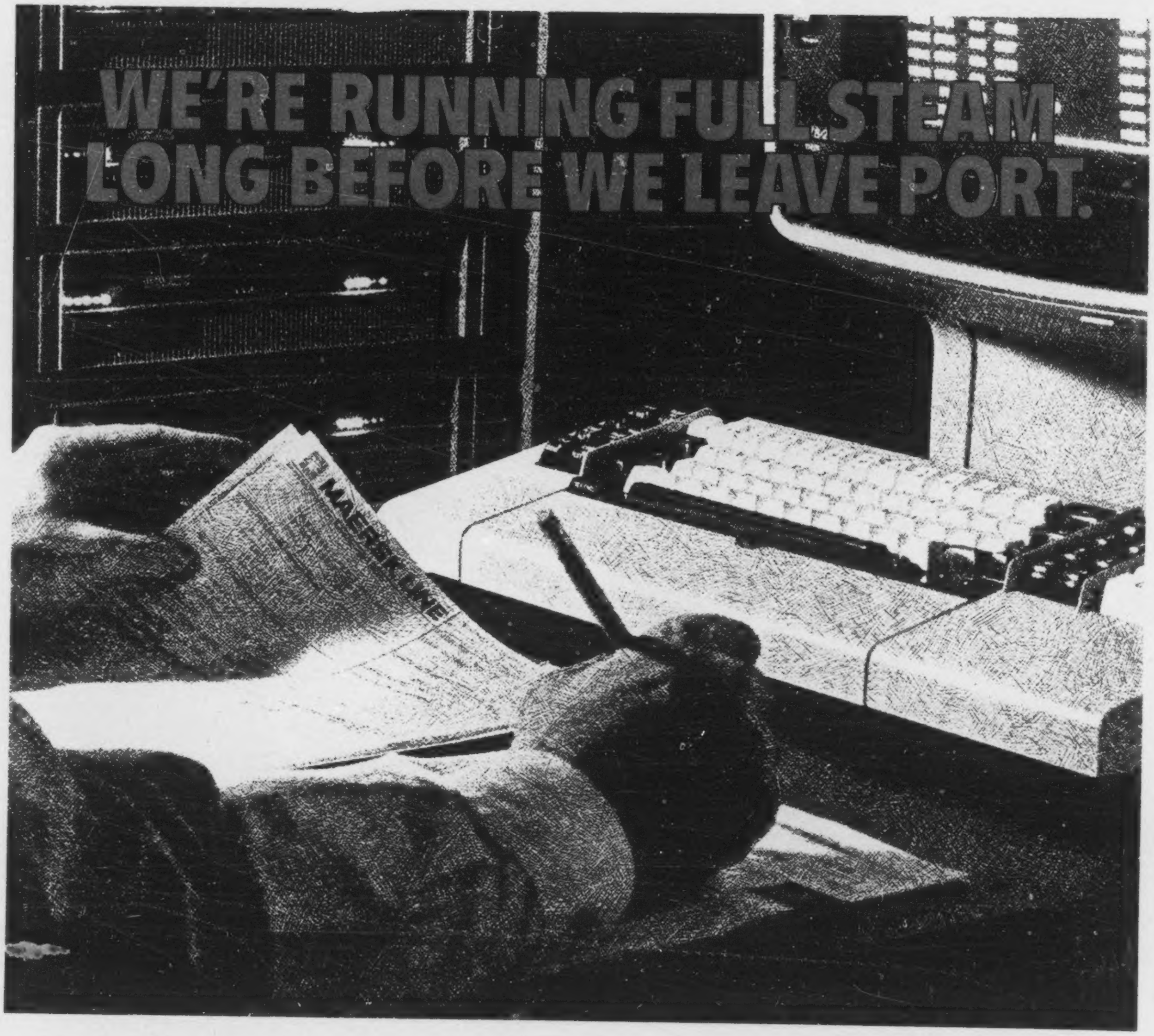
Among many other events scheduled are concerts of Medieval music by soprano Maria Muro, with guitar accompaniment, at the Cloisters Museum (Sat. Oct. 8, 12 noon and 2 p.m.); lectures on Spanish religious art and on street and court life under Philip IV, at New York University (Thurs. Oct. 6, 4-6 p.m.); special programming of Spanish composers and performers on WNYC-FM; and exhibitions of Spanish contemporary artists at the Hastings Gallery of The Spanish Institute and the Bronx Museum of the Arts.

FROM THE SPANISH COMMERCIAL OFFICE IN NEW YORK

Spain's Exports to the U.S., Jan.-May 1983

In this tabulation, using statistics from the U.S. Department of Commerce, the first column gives Spain's exports to the U.S. from January 1st through May 31st, 1983, in thousands of dollars. The second column gives the percentage of variation from the same period of 1982. Column 3 indicates the percentage of total exports represented by the group.

	1	2	3
FOOD PRODUCTS	**67,832**	**-19.2**	**11.88**
1. Fish and seafood, except preserved	1.800	-80.1	
2. Fish and seafood, preserved	4,606	-4.3	
3. Marmalades and preserved fruits	8,320	+32.3	
4. Vegetables, preserved or prepared, including olives	40,574	-18.6	
5. Sweets with a sugar base which do not contain cocoa	2,631	-6.7	
6. Paprika	3,896	+51.8	
7. Food preparations, unspecified	1,299	+0.2	
BEVERAGES AND TOBACCO	**25,543**	**+20.9**	**4.48**
8. Table wines and Sherry	19,205	+20.9	
9. Sangría	2,816	-15.4	
10. Brandies and similar	3,247	+0.9	
11. Processed tobacco	14	-60.9	
12. Unprocessed tobacco, residues	219	-40.3	
RAW MATERIALS, INEDIBLE, EXCEPT PETROLEUM AND OTHER VEGETABLE PRODUCTS	**10,744**	**+21.1**	**1.88**
13. Fluorspar	942	-46.1	
14. Raw materials of animal origin	356	-48.9	
15. Gums, resins and natural lacquers	2,499	+31.8	
16. Flowers, bulbs, foliage etc. for decoration	327	+12.0	
17. Gypsum, plaster, chalk etc.	2,060	+282.2	
18. Other crude vegetable materials	1,602	-20.3	
PETROLEUM PRODUCTS AND LUBRICANTS	**18,302**	**+193.6**	**3.21**
19. Heavy petroleum	17	—	
20. Lubricating oils and greases, hydrocarbons	18,222	+193.0	
OILS AND FATS, ANIMAL AND VEGETABLE	**6,096**	**-12.4**	**1.07**
21. Olive oil	6,040	-12.8	
CHEMICAL PRODUCTS	**38,659**	**+20.9**	**6.77**
22. Organic chemical products	15,230	+34.6	
23. Inorganic chemical products	9,480	-5.2	
24. Essential oils and perfume materials	5,414	+10.7	
25. Soaps and detergents	735	-6.0	
MANUFACTURES AND SEMI-MANUFACTURES	**138,719**	**-37.2**	**24.30**
26. Hides, leathers & their manufactures	4,635	-34.2	
27. Tires	11,025	-21.2	
28. Manufactures of wood and cork	2,047	+6.2	
29. Articles of paper and cardboard	2,302	+3.2	
30. Thread and yarn	361	+43.8	
31. Sheets, tablecloths, towels, etc.	1,498	+106.9	
32. Fabrics of wool	361	+43.8	
33. Lime, cement, and other construction materials, except tiles	8,513	+184.1	
34. Tiles	6,526	+51.1	
35. Articles of crystal and glass	2,655	+36.4	
36. Articles of pottery	5,499	-13.8	
37. Iron and steel in bars, sheets etc.	48,702	-65.4	
38. Nonferrous metals	3,026	-27.3	
39. Wire, without electrical insulation	6,081	-30.9	
40. Screws, nails, rivets etc. of iron, steel or copper	4,000	-41.0	
41. Hand tools	13,493	+245.4	
42. Household utensils of common metals	5,253	+81.1	
43. Metal manufactures, unspecified	4,878	-9.8	
MACHINERY AND TRANSPORT EQUIPMENT	**102,062**	**-22.7**	**17.88**
44. Non-electrical generators and parts	2,409	+12.1	
45. Agricultural machinery and parts	795	-80.4	
46. Office machinery and parts	25,688	-31.3	
47. Metalworking machinery	6,037	-49.7	
48. Textile and leather machinery	2,535	+98.4	
49. Industrial machinery	968	-55.5	
50. Machinery and apparatus, unspecified and parts	7,681	-17.7	
51. Electric generators, commutators, and parts	3,121	+29.0	
52. Domestic electrical appliances & parts	1,853	+5.6	
53. Transport equipment	41,604	-20.8	
53a. Parts & accessories for tractors, vehicles and motors	18,164	-20.8	
53b. Motorcycles and parts	118	-63.8	
53c. Aircraft	12,959	+65.0	
53d. Supplies for aircraft and spacecraft, unspecified	3,949	+35.1	
43. Electrical machinery and apparatus, unspecified	3,187	+24.6	
MANUFACTURED CONSUMER PRODUCTS	**153,530**	**+13.7**	**26.90**
55. Lamps and parts	2,458	-6.1	
56. Furniture	4,627	-12.2	
57. Luggage and handbags	2,260	-13.7	
58. Textile manufactures	699	-38.4	
59. Leather manufactures & accessories	1,292	-8.4	
60. Knitwear manufactures & accessories	1,595	+30.1	
61. Footwear	99,834	+6.8	
62. Printed matter	7,610	-6.7	
63. Toys and sporting goods	5,080	+40.0	
64. Arms and parts, except revolvers and pistols	1,031	-40.1	
65. Objects of art and antiques	11,615	+328.0	
66. Jewelry and costume jewelry	4,532	+32.7	
67. Other manufactures, unspecified	1,262	-37.9	
OTHER PRODUCTS, UNSPECIFIED	**9,290**	**-29.7**	**1.63**
68. Special transactions, unclassified	8,032	-8.0	
69. Arms of war, including revolvers, pistols and ammunition	590	-76.9	
70. Estimated value of imports in lots valued at less than $251	665	-0.6	
TOTAL EXPORTS, SPAIN-U.S.	**570,776**	**–13.5**	



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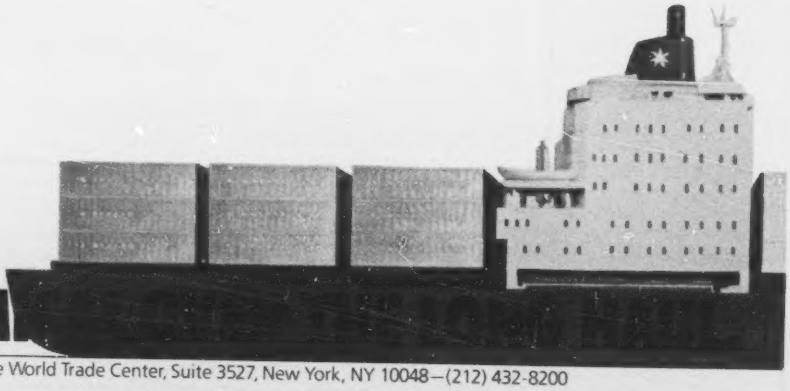

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